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Report on the activities of the Office of Internal Oversight Services

Activities of the Office of Internal Oversight Services for the period from 1 July 2008 to 30 June 2009**

Report of the Office of Internal Oversight Services

Summary

The present report is submitted in conformity with General Assembly resolutions 48/218 B (para. 5 (e)), 54/244 (paras. 4 and 5) and 59/272 (paras. 1-3). It does not cover oversight activities pertaining to the Department of Peacekeeping Operations, the Department of Field Support or the peacekeeping and special political missions, as they will be presented to the Assembly in part II of the report during the resumed sixty-fourth session.

Assignments conducted during the reporting period underscore the need for the Organization to develop an accountability framework, including a formal internal control framework, to ensure that risks are managed consistently and systematically through focused control processes across the Organization.

During the reporting period, 1 July 2008 to 30 June 2009, the Office of Internal Oversight Services (OIOS) issued 390 oversight reports, including 12 reports to the General Assembly and 59 closure reports. The reports included 1,871 recommendations to improve internal controls, accountability mechanisms and organizational efficiency and effectiveness. Of those recommendations, 615 were classified as critical to the Organization. The financial implications of OIOS recommendations issued during the period amount to approximately $49 million. These recommendations were aimed at cost savings, recoveries of overpayment,

* A/64/150.

** Excluding oversight of peacekeeping activities, which will be reported on in document A/64/326 (Part II).

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efficiency gains and other improvements. The financial implications of similar recommendations that were satisfactorily implemented during the period totalled approximately $32 million. The addendum to the present report (A/64/326 (Part I)/Add.1) provides a detailed analysis of the status of implementation of the recommendations, a breakdown of recommendations with financial implications and an analysis of selected recommendations of particular concern. Pursuant to paragraph 1 (c) of resolution 59/272, Member States have access to OIOS reports upon request. The full titles of all OIOS reports are available online (www.un.org/Depts/oios/pages/rep_and_pub.html).

Preface

I am pleased to submit the present report on the activities of the Office of Internal Oversight Services (OIOS) for the 12-month period ending 30 June 2009 to the General Assembly. During the reporting period, the Office continued to build upon its successes and to expand its efforts to ensure a robust oversight office. In this regard, in addition to presenting oversight findings, the present report highlights initiatives aimed at strengthening internal processes and procedures to better assist the Secretary-General, management and the Member States.

A well-performing organization rests upon two main pillars: (a) strong management, with responsibilities outlined in an accountability framework, and (b) operationally independent oversight. An accountability framework is key for ensuring that there is a clear delineation of managerial roles and responsibilities. In addition, the framework should detail the responsibilities of management, namely, to continuously monitor and review changes in the working environment through the systematic application of enterprise risk analysis and to analyse and improve the performance of the organization regarding its core values and principles. In particular in an organization with complex and dispersed operations, such a framework should ensure that there is no impunity for poor decision-making.

The second pillar is operationally independent oversight. The oversight function of an organization includes both internal and external oversight mechanisms. For an internal oversight entity operational independence is vital to enable it to carry out its work without influence from management. For OIOS, operational independence is stipulated and clarified in General Assembly resolutions 48/218 B and 59/272, and logically followed up and operationalized through the Secretary-General's bulletin (ST/SGB/273) and (ST/AI/401). The strong regulatory framework aiming to ensure OIOS its operational independence includes the authority to initiate, carry out and report on any action which the Office considers necessary; the ability for the Office to submit reports directly to the General Assembly; the authority to select all staff for appointment and promotion; the direct and confidential access of United Nations staff members to the Office and their protection against repercussions; and the provision of adequate resources. The objectives of this strong regulatory framework are clear and it should be enforced and respected in letter and spirit.

In 2008, as part of an effort to delineate accountability within my own Office, following my compact with the Secretary-General, I established a results agreement between the directors and myself. The agreement provides each director with a clear statement of management expectations, including outcomes, performance measures, responsibilities and target dates both for the strategic priorities of the programme and of the Organization. By signing the agreement, each director accepted his/her commitment to realizing the key results outlined in the agreement, and I as Under-Secretary-General, pledged to create an enabling environment for OIOS management to deliver in terms of core responsibilities and duties.

Finally, I wish to stress the importance of transparency as the primary condition for accountability in any organization, including the United Nations Secretariat. In its resolution 59/272, sometimes referred to as the "transparency resolution", the General Assembly decided that reports of OIOS should be submitted directly to the Assembly and that the original versions of the reports of the Office

not submitted to the Assembly would be made available to any Member State upon request. This was the first time Member States were provided with the opportunity for increased insight into the operations and activities of the Secretariat. This measure has been a very important step towards an increased transparency within the Secretariat. However, in my view, such transparency will not be fully achieved without increased public access to other types of United Nations documentation. In this regard, OIOS looks forward to the elaboration of the proposed policy for public access to United Nations documentation, as requested by the Assembly in its resolution 60/283, following the issuance of the report of the Secretary-General entitled, "Investing in the United Nations: for a stronger Organization worldwide" (A/60/846/Add.4).

OIOS notes the progress in the area of transparency achieved through the resolution 59/272 as an important step in ensuring accountability. OIOS also notes the adoption by the General Assembly of resolution 63/276, in which it requested the Secretary-General to submit a comprehensive report, including a clear definition of accountability and proposals on accountability mechanisms, a clear definition of roles and responsibilities, as well as a proposed detailed plan and road map for the implementation of the enterprise risk management and internal control framework. OIOS stresses that a formalized accountability framework is needed to ensure that advancements in these areas are preserved and instilled as part of the culture of the Organization.

I wish to thank Member States for their continued support and for the trust they have placed in the Office, which enables us to carry out our important mandate.

(*Signed*) Inga-Britt **Ahlenius**
Under-Secretary-General for Internal Oversight Services

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I. Introduction

1. The Office of Internal Oversight Services (OIOS) was established by the General Assembly, pursuant to its resolution 48/218 B, in order to enhance oversight in the Organization. The Office is operationally independent, as stipulated by the Assembly, and is established to assist the Secretary-General in fulfilling his internal oversight responsibilities in respect of resources and staff of the Organization through internal audit, monitoring, inspection, evaluation and investigation.

2. The present report, which provides an overview of OIOS activities during the period from 1 July 2008 to 30 June 2009, comprises three main sections, covering: (a) initiatives aimed at improving OIOS operations and quality of work; (b) oversight findings by risk category; and (c) mandated reporting on oversight activities concerning the capital master plan and the United Nations Compensation Commission. An addendum to the present report (A/64/326 (Part I)/Add.1) provides a detailed analysis of the status of implementation of the recommendations, a breakdown of recommendations with financial implications and an analysis of selected recommendations of particular concern.

3. The report does not cover oversight findings pertaining to the Department of Peacekeeping Operations, the Department of Field Support or the peacekeeping and special political missions, which will be presented to the General Assembly in part II of the report during the resumed part of the sixty-fourth session.

II. Internal initiatives

A. Overall efforts to strengthen the functions of the Office of Internal Oversight Services

4. OIOS continually strives to ensure that its work is carried out with the highest standards of professionalism and efficiency in order to realize its vision, "To be a world class oversight body, respected and trusted by stakeholders". This section highlights some of the key initiatives undertaken during the past four years to realize this goal.

1. Aligning work priorities with organizational risks

5. OIOS was established to assist the Secretary-General in providing oversight of all operations under his authority. To guide the Office in identifying emerging issues, challenges and potential exposures of the Organization, the Office developed a comprehensive risk management framework. Risk analysis enables the Office to prioritize the allocation of resources to oversight of programmatic and operational areas that have the greatest exposure to risks of fraud, waste, abuse, inefficiencies and mismanagement. In 2008, OIOS realized its ambition to deliver risk-based workplans for the Internal Audit and the Inspection and Evaluation Divisions. The adoption of a risk-based approach meets the requirements of the International Standards for the Professional Practice of Internal Auditing.

6. As a basis for its risk-based workplans, the Internal Audit Division conducts risk assessments in close collaboration with programme managers. These assessments are carried out by staff trained in the risk assessment methodology.

From July 2007 to September 2008, the Internal Audit Division completed over 50 risk assessments, representing approximately 90 per cent of the OIOS audit universe. The assessments conducted thus far form the basis of the internal audit workplans through 2011.

7. As of the date of the present report, the Division has compiled all risks identified in the risk assessments conducted thus far. The risk assessment methodology identified 11 focus areas[1] and 7 risk categories[2] in order to group the risks that are most prevalent in the Organization. In the course of the risk assessment exercises, the area of strategic management and governance was identified as a priority focus area common to many entities in the Office's audit universe. In order to further strengthen its capacity to carry out audits in this area, the Internal Audit Division held a workshop in June 2009 to develop guidelines for such audits based on best practices.

8. The Inspection and Evaluation Division also applies a risk assessment framework in the selection of inspection and evaluation topics. The Division's risk assessment methodology is based on the analysis of available Secretariat-wide proxy risk indicators. The Division identified 12 proxy indicators for which uniform and comparable data were available.[3] The proxy indicators have been assigned relative weights based on their potential contribution to three OIOS categories of risk: strategic; governance; and operational.[4] This enables the Division to generate a ranking of the 27 programmes of the United Nations regular budget as a basis for its workplan. A separate risk assessment with similar methodology is conducted to prioritize the peacekeeping missions.

9. While OIOS realized its ambition to deliver risk-based workplans in 2008, work continues on refining the methodology based on experience from the first few years of implementation. The Internal Audit Division also plans to continue work on aggregating results of risk assessments into a comprehensive, Secretariat-wide risk assessment in order to identify specific risks that are systemic and common to the various departments and entities of the Secretariat. This will allow the Division to move to a more global view where the likelihood and impact of risks to the Secretariat as a whole can be analysed, rated and given proper oversight priority.

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[1] Focus areas are the key standard processes that are typically found in United Nations operations. The 11 focus areas are: strategic management and governance; financial management; human resources management; procurement and contract administration; logistics management; information and technology management; programme and project management; conference and documents management; property and facilities management; safety and security; and others.

[2] The seven risk categories are: strategy; governance; compliance; financial; operational; human resources; and information. These risk categories are presented in more details in sect. III of the present report.

[3] Proxy indicators are used as approximations of the variables of interest, in the present case the potential risks faced by the Organization. These 12 proxies are: total resources; number of posts; discretionary vulnerability; complexity of coordination needs; output implementation rate; availability of programme performance information; evaluation coverage; resources spent on evaluation; time of outstanding OIOS recommendations; timeliness of reporting; e-PAS compliance rate; gender equality.

[4] The three risk categories are among the seven risk categories that OIOS uses in reporting oversight findings. Additional information on the risk categories may be found in sect. III of the present report.

10. In addition to the work of OIOS in assessing the risks in other departments and offices, the Internal Audit Division conducted a risk assessment of its own activities during the reporting period. The results will be used to drive the Division's strategy and to mitigate risks that can hinder the Division in achieving its mandate and objectives.

2. Ensuring optimal structures

11. Optimal organizational structures are critical to ensuring efficient and effective management of resources and staff. In response to changes in the OIOS operating environment and other considerations, the following organizational changes were undertaken:

(a) In 2007, the two former audit divisions were brought under one directorship to form the current Internal Audit Division.[5] The reorganization eliminates duplication of general and administrative activities and ensures a consistent approach to audits. The Division is currently located in New York, Geneva, Nairobi, the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda and a number of peacekeeping missions to better respond to the needs of audited entities;

(b) In 2008, the Inspection and Evaluation Division was formally established by General Assembly resolution 62/224. This decision followed the transfer of the internal management consulting function and the tasks associated with the preparation for the programme performance report from OIOS to the Department of Management.[6] The new focus on evaluation and inspection required internal restructuring of the Division and new work arrangements, which allowed for greater consistency, efficiency and effectiveness in staff allocation and improved communication within the Division. These changes, combined with additional post and non-post resources approved by the General Assembly, enabled the Division to focus on and to expand the conduct of programme and thematic evaluations and inspections. For the 2008-2009 biennium, the Division will have effectively doubled its average biennial output[7] — producing 33 oversight reports of programme evaluations, thematic evaluations, triennial reviews, inspections and compliance reports. These reports assess the relevance, efficiency and effectiveness, including the impact, of the Organization's programmes in relation to their objectives and mandates;

(c) In the Secretary-General's report on strengthening investigations (A/62/582), OIOS presented its proposals[8] for restructuring the Investigations Division in order to achieve, inter alia, economies of scale and synergies. While the General Assembly endorsed the principle of the restructuring of the Investigations Division[9] (see resolution 63/287) at the resumed sixty-third session, it proposed a three-year pilot project involving investigation centres based in New York, Nairobi and Vienna, with resident investigators in the United Nations Organization Mission

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[5] See the report on the external review contained in A/60/883 and Add.1 and 2.

[6] General Assembly resolution 61/245.

[7] Between 1996 and 2005, the Inspection and Evaluation Division produced, on average, 16 reports every biennium.

[8] These proposals were also included in the OIOS 2008/2009 support account budget submission (A/62/783).

[9] See A/62/582 for additional information on the OIOS proposal.

in the Democratic Republic of the Congo (MONUC), the United Nations Mission in Liberia (UNMIL), the United Nations Mission in the Sudan (UNMIS), the United Nations Stabilization Mission in Haiti (MINUSTAH), the United Nations Integrated Mission in Timor-Leste (UNMIT), the United Nations Interim Force in Lebanon (UNIFIL) and the United Nations Operation in Côte d'Ivoire (UNOCI). A comprehensive assessment of the pilot project's benefits and lessons learned will be reported to the Assembly at a future date (see resolution 63/287). The additional resources required to implement the pilot project will be presented in the Office's next budget submission.

12. Aside from the overall structure of the Investigations Division, OIOS has also begun to further develop its capacity to conduct specialized investigations. The primary consideration in this has been the distinction between the two main types of cases investigated by OIOS, namely sexual exploitation and abuse and financial, economic and administrative cases, and the need to ensure that qualified teams investigate these cases effectively. The skills and experience required for these types of cases vary significantly, and the experience of OIOS over the years provides a compelling argument for concentrating specialized investigators within three regional centres: New York; Vienna; and Nairobi.

13. In addition, the Investigations Division focused on ensuring that the competencies and knowledge developed by the Procurement Task Force were incorporated into the knowledge base of the Investigations Division. In particular, the Division conducted a survey of the Procurement Task Force best practices and lessons learned.

3. Ensuring the highest quality

14. OIOS is continuously working on improving its processes and procedures to meet the highest standards of quality, with the ultimate objective of serving the Organization by contributing to good governance and accountability.

Streamlining standard operating procedures

15. Guiding all staff in the conduct of their work are manuals that outline policies and procedures, to ensure, inter alia, standardization of work. The Organization must feel confident that OIOS applies the same standards in its oversight work. In 2009, all divisions updated and significantly expanded their respective manuals to reflect changes in the work environment and to ensure consistency with international norms and standards. To increase transparency and enhance understanding of the work of OIOS, these manuals are available publicly through the OIOS website:

(a) The revised Audit Manual codifies and streamlines internal audit procedures. It reflects the most recent changes made by the Institute of Internal Auditors to the International Standards for the Professional Practice of Internal Auditing. In addition, a number of practice guidelines have been issued covering topics such as audits of general information and communications technology controls and application systems;

(b) An Inspection and Evaluation Manual has been introduced, providing an operational framework for the conduct of evaluations, fully explaining the work processes and procedures of the Inspection and Evaluation Division and establishing

internal standards, including methodological standards that adhere to those of the United Nations Evaluation Group;

(c) An Investigations Manual was issued to serve as a basis for advancing the current technical and substantive capacity of the staff of the Investigations Division. The Manual covers the process of investigations, including information on staff members' rights and responsibilities. In addition, the Investigations Division has promulgated various standard operating procedures that incorporate significant policy practices to promote fairness requirements during the administrative fact-finding process.

Establishing protocols for quality standards

16. In order to ensure that the highest standards of quality are consistently met, each Division of OIOS has developed quality assurance programmes and initiated quality reviews. The Executive Office and the Office of the Under-Secretary General have also undertaken self-assessments of their respective activities:

(a) The Internal Audit Division was subject to external quality assessments of its activities in Geneva and Nairobi in 2005, and in New York in 2006. Most of the recommendations of these reviews, including recommendations relating to quality improvement, have been implemented. The Division finalized its quality assurance and improvement programme in December 2008. The programme comprises internal assessments, including ongoing monitoring and periodic reviews, and external assessments. However, a significant issue that remains outstanding is a mechanism for ensuring that OIOS is funded independently of the Controller and entities in the OIOS oversight universe. Other significant issues raised by this review related to the introduction of an internal control policy in the Secretariat, including a risk management policy, in order to delineate management's responsibilities as opposed to the responsibility of OIOS, which is internal audit. This distinction is critical if the Secretariat is to uphold good governance and accountability in its operations;

(b) The Inspection and Evaluation Division has also established its own quality assurance system to ensure that all assignments adhere to the quality norms and standards of the United Nations Evaluation Group. During the reporting period, the Division was subject to an external peer review in order to assess the independence, credibility and utility of its evaluation work. Conducted under the auspices of the Evaluation Group and in collaboration with the Development Assistance Committee Network on Development Evaluation, the peer review reported strong positive findings on the independence of OIOS evaluation, as well as overall satisfaction with the credibility of the work it produces. The review recommended that OIOS further disseminate the communication of evaluation findings to increase their utility, particularly for learning purposes;

(c) In 2007, OIOS initiated an internal review of the Investigations Division, conducted by an external expert, which provided valuable inputs for OIOS proposals.[10] The review identified several areas for improvement, including: the optimization of the Office's structure; the establishment of an intake committee; the improvement of internal and external communication; the provision of basic tools and equipment for investigations; the development of procedures for dealing with

[10] A/62/582.

sexual exploitation and abuse cases; and the update and consolidation of the Manual of Investigation Practices and Policies. All these issues have been addressed, as shown in section II of the present report.

17. The Office established dedicated professional practice units in the Investigations Division and the Internal Audit Division to spearhead quality assurance and improvement initiatives and foster professional development. The key functions of these units include: implementing OIOS risk assessment framework;[11] implementing a quality assurance programme; developing tools to increase productivity; and improving performance reporting to management. The Inspection and Evaluation Division, while lacking a dedicated staff capacity to support this function, also employs systematic quality assurance processes to ensure that high quality products are the forefront of their work.

Innovation in oversight processes and methodologies

18. OIOS is continuously seeking innovative processes and methods to improve the work of each of its functional areas:

(a) The functions of the Special Assignments Section, which was created within the Internal Audit Division during the reporting period, include strengthening the Division's capacity to identify and report on fraud risks, conducting audits of a sensitive and complex nature, especially those posing a high reputation risk to the Organization, and increasing coordination of trust funds audits. In addition, two new sections dedicated to the capital master plan and to information and communications technology (ICT) audits were created, respectively, in January 2008 and March 2007;

(b) The Inspection and Evaluation Division undertook an in-depth programme evaluation of the performance and accomplishment of results by UNOCI in 2008. This was the first time that a peacekeeping mission was evaluated in its entirety. OIOS utilizes a variety of qualitative and quantitative methods to support the assessment of the impact of United Nations activities, including local population surveys, where appropriate. This methodology was used in both the programme evaluations of UNOCI and of OHCHR's work in Colombia in order to produce credible evidence on achievements;

(c) The OIOS Investigation Intake Committee was established in 2009 to determine whether information reported to or identified by the Investigations Division should be investigated. Consistent with the procedures of the Division, the Committee's evaluation criteria include the scope of the investigation, applicable legal norms, receivability, jurisdiction, specialized investigative skills and the need for further clarification. The Committee may predicate a reported matter for: (a) assignment for investigation; (b) rejection and registration for information purposes; (c) referral to an appropriate entity to respond to the matter; or (d) suspension pending further clarification.

[11] Applicable only to the Internal Audit Division.

Cultivating a professional workforce

19. A comprehensive skills assessment was completed in 2007 to assess the state of knowledge, skills and abilities of staff against needs and standards and to determine the training necessary to fill the gaps in skill sets.

20. Overall, the funds available for training are scarce. However, subject to the availability of funding, divisions have sought to target training on common departmental needs to foster stronger professional development:

(a) Training initiatives in audit included internal workshops on risk assessment, the revised audit management process and the internal control framework of the Committee of Sponsoring Organizations of the Treadway Commission. The Division also embarked on a distance-learning programme on audit report writing in June 2008; provided courses on the essentials of auditing to audit assistants; and organized an annual training conference for resident auditors. The Division has also seen a steady increase in the number of staff obtaining professional certifications, such as the Certified Internal Auditor and Certified Information Systems Auditor programmes;

(b) The Inspection and Evaluation Division organized workshops on basic evaluation skills and on various evaluation methods, including focus groups, surveys, interviewing skills, local population surveys and coding. Selected staff also attended external training on specialized evaluation topics, such as evaluation in post-conflict situations;

(c) The Investigations Division is developing a comprehensive investigation learning programme that includes several modules designed to raise awareness of the managers and to develop the technical skills of staff involved in investigations, for example staff of special investigative units of the Department of Safety and Security. The topics range from general investigative techniques to specialized areas, including investigating sexual harassment. The Division is also exploring investigative tools to best address the challenges related to interviewing and recording statements of minors who are victims in sexual exploitation and abuse cases. Other training modules, including modules on investigating procurement matters and investigating sexual exploitation and sexual abuse, are currently under development.

Optimizing OIOS recommendations monitoring

21. In 2006, in order to streamline and improve the monitoring of the implementation of recommendations, OIOS launched a single recommendation database known as "Issue Track" to replace the seven disparate databases that had been used in the past. Another, further improved, monitoring system will be developed to allow departments and offices to view and update their recommendations online, enabling a continuous dialogue with OIOS on recommendations status.

4. Impediments to work

22. OIOS is extremely concerned that the D-2 vacancy in the Investigations Division remains unfilled. The long impasse on this issue has been duly noted by the report of the Independent Audit Advisory Committee (A/63/737), as well as by the General Assembly in its resolution 63/287. In that resolution, the Assembly took

note of the observations and recommendations contained in the report of the Independent Audit Advisory Committee on vacant posts in the OIOS and requested the Secretary-General to fill the vacancies in the Office in accordance with the existing relevant provisions governing recruitment in the United Nations and the provisions of the resolution. To ensure that the whole of the Investigations Division receives the requisite attention, it is critical that this post be filled expeditiously.

B. Cooperation and coordination

1. Coordination with other United Nations and oversight entities

23. OIOS coordinates regularly with other United Nations oversight entities, including the Board of Auditors and the Joint Inspection Unit, to ensure that potential duplication and overlap in the conduct of oversight work are avoided and to minimize any gaps in oversight coverage. Aside from sharing workplans, the Office holds bimonthly meetings with the Board of Auditors to discuss issues of mutual interest and meets with the Joint Inspection Unit on an ad hoc basis when issues of particular concern arise. The senior representatives of those entities take part in an annual tripartite meeting to discuss oversight coordination, among other things.

24. OIOS led a United Nations system-wide coordinated risk assessment of emergency operations in Myanmar, conducted in collaboration with the United Nations Development Programme (UNDP), the United Nations Children's Fund (UNICEF), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), and the World Food Programme (WFP), completed in May 2009. This initiative of the Representatives of Internal Audit Services of United Nations organizations aimed to implement a framework for auditing coordinated programmes of the United Nations system that are supported by multiple agencies. This framework was established in response to the lack of a comprehensive view of managerial and coordination problems faced by the various United Nations entities involved in the 2006 tsunami emergency operations. The risk assessment exercise identified key coordination risks relating to conflicting strategies among United Nations entities, including planning deficiencies, staffing constraints and impaired cluster coordination, information sharing and dissemination. The forthcoming report will be issued to the United Nations country team and the United Nations Development Group. This initiative demonstrates the determination of the internal audit services to move towards "One United Nations" in conducting their work. As a result of the successful completion of this assignment, a similar exercise for the Sudan Common Humanitarian Fund is planned in 2009.

25. The Investigations Division has been working in close collaboration with its main counterparts, for example the Conduct and Discipline Unit of the Department of Field Support[12] and the Office of Information and Communications Technology[13] to develop standard operating procedures, and with the Office of Legal Affairs, the Administrative Law Unit, the Ombudsman's Office and the Ethics Office on other matters. In addition, representatives from the Conduct and Discipline Unit, the

[12] On misconduct reporting mechanisms, including those discussed in A/61/19 (Part III).

[13] On requests for ICT in ST/SGB/2004/15.

Administrative Law Unit and the Ethics Office participated in a comprehensive induction programme developed for OIOS investigators.

26. The Office recognizes the value and importance of fostering relationships with its functional peers outside its oversight mandate. During the reporting period, OIOS professionals actively participated in their respective professional networks:

(a) The Internal Audit Division participates in the annual meeting of the Representatives of Internal Audit Services of United Nations organizations where issues such as review of programme performance, audit committees, developments in governance and internal control processes, etc. are discussed and methodologies and training materials are shared with other internal audit offices within the United Nations system;

(b) In January 2008, the Inspection and Evaluation Division participated in a planning meeting on the application of the Organization for Economic Cooperation and Development (OECD) Development Assistance Committee guidance on evaluating conflict prevention and peacebuilding activities with Member States, agencies and international organizations;

(c) The Inspection and Evaluation Division also continues to be involved in inter-agency working groups on a wide range of topics such as evaluation and oversight, impact evaluation, evaluation training, quality standards, evaluating the evaluation function and human rights and gender. OIOS is an active member of the United Nations Evaluation Group and participated in decision-making pertaining to the working principles of the Evaluation Group, the professionalization of the evaluation function and evaluation practices. In 2009, the Division has taken up co-chair responsibilities for three task forces of the Evaluation Group on: quality standards; evaluating the evaluation function; and human rights and gender;

(d) The Investigations Division participated in the tenth Conference of International Investigators, which provided a forum for international organizations and multilateral institutions to engage in reform promoting accountability and transparency. At the conference, the Investigations Division presented an outline on how international investigations offices can undertake an external quality assessment of their counterparts to ensure conformity with an organization's legal framework and generally accepted investigation standards.

2. Building oversight capacity across the United Nations system

27. In its effort to enhance advocacy of risk management in the Organization, the Internal Audit Division organized workshops as part of its risk assessments, introducing key concepts and principles of risk management to managers of audited entities. OIOS remains ready to assist the Secretariat in its efforts to adopt an internal control and risk management framework.

28. The Inspection and Evaluation Division contributed to further strengthening self-evaluation in the Secretariat by providing support on evaluation capacity, tools and methods. The Department of Political Affairs, the Department for General Assembly and Conference Management, the United Nations Conference on Trade and Development (UNCTAD) and the Ethics Office have benefited from such support, which included assistance in drafting evaluation policy and conducting surveys on programme performance. The Divisions also provided guidance to various programmes for the evaluation of terms of reference, data collection

methods and report writing. Additionally, the Division acted in an advisory capacity for an external evaluation of the United Nations Campaign for the Millennium Development Goals.

29. The Inspection and Evaluation Division also continued to take the lead on the first national competitive examination for programme evaluation, offered in February of 2008. By the end of 2008, the Division had completed grading the papers of the 278 candidates who took this exam. A final roster of 16 candidates is now available to all Secretariat programmes seeking to hire associate evaluation officers or junior professional staff with good research and analytical skills.

30. In 2007, the Inspection and Evaluation Division initiated the development of an outreach strategy in order to more effectively communicate its findings, analyses and recommendations. The Division has acted on the first component of this strategy, namely the development standard practices to communicate with subject entities during the inspection and evaluation process.

31. Under General Assembly resolution 59/287, the Investigations Division continues to develop and roll out several investigation learning programme modules to enhance investigation capacity across the United Nations system. In cooperation with the Office of Human Resources Management and the Conduct and Discipline Unit of the Department of Field Support, the Investigations Division has successfully launched training sessions on sexual harassment investigations in New York, Timor-Leste, Geneva, Naqoura, Lebanon, and Beirut, and will continue training in other locations. The two-day training programme provides staff members who are involved in investigation processes with the skills needed to analyse and investigate sexual harassment complaints under Secretary-General's bulletin ST/SGB/2008/5.

III. Oversight findings by risk category

32. The information in the present summary of selected findings from the period under review is classified into seven risk categories: strategy; governance; compliance; financial; operational; human resources; and information resources. In the opinion of OIOS, these categories most accurately represent the various types of risk present in the Organization's work environment. Those categories also form a central component of OIOS risk assessment methodologies. Some of the findings describe specific and individual risks, while other risks identified are pervasive in the system, that is, frequently observed in OIOS oversight assignments. Common to them all is the fact that, unless acted upon, they could have an adverse impact on the mandate, operations or reputation of the department/office in question or of the Organization as a whole. It should be noted that findings from the same oversight assignment may be found in several risk categories.

A. Strategy risk

OIOS defines strategy risk in the context of the United Nations as the impact on the mandate, operations or reputation of the Organization arising from:

- Inadequate strategic planning
- Adverse business decisions
- Improper implementation of decisions
- Lack of responsiveness to changes in the external environment
- Exposure to economic or other considerations that affect the Organization

33. In an audit of the HIV/AIDS programme of the United Nations Office on Drugs and Crime (AE2008/361/01), OIOS found that the scope of the programme's activities was much wider than originally mandated in the Secretary-General's bulletin ST/SGB/2004/6. Additional activities, which included services provided at the country level to reduce the spread of HIV among injecting drug users, individuals in prison settings and people vulnerable to human trafficking, risked a duplication of work with other United Nations programmes. Following an OIOS recommendation, the United Nations Office on Drugs and Crime accepted to revise ST/SGB/2004/6 to formally incorporate these additional activities into its mandate, thereby preventing duplication of work with other United Nations programmes.

34. In an audit of the OHCHR Regional Office for South-East Asia in Bangkok (AE2008/336/01), OIOS found that since the strategic planning process did not formally involve key stakeholders such as donors, implementing partners and beneficiaries, there was no assurance of their support. In response to OIOS recommendations, OHCHR has revised its draft guidelines to include key stakeholders in the preparation of the Regional Office's strategic management plan.

35. OIOS review of results-based management at the Secretariat (A/63/268) found that the established systems and procedures of budget planning and expenditure management do not reconcile with "programmatic" records. "Expected accomplishments" are not given cost estimates, and "indicators of achievement" cannot be utilized to inform resource allocation. By focusing mainly on the scrutiny of posts and other inputs, the budget process does not make clear reference to strategic priorities. As a consequence, the planning and budgeting process does not adequately serve the management needs of the Organization, nor does it facilitate an appropriate level of strategic debate and decision-making. OIOS recommended that a comprehensive review and the reformulation of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation Planning (ST/SGB/2000/8) be undertaken. The review should address the instruments, structure and timetable of the resource planning and decision-making process of the

Secretariat, as well as the roles and responsibilities of the parties involved in this process. The recommendation has been accepted.

36. In its report on the status of programme performance documentation requirements (INS-COM-08-002 and INS-COM-09-001), OIOS found significant shortfalls in systematic availability of data on progress against planned achievements. This hindered the determination of the relevance and effectiveness of the programmes. Such a gap in data records will affect the future assessment of progress made. This issue was also raised to the General Assembly through the OIOS report on results-based management at the Secretariat (A/63/268) as a systemic weakness of the results-based management framework.

37. The OIOS evaluation of support to least developed countries, landlocked developing countries, small island developing States and Africa (E/AC.51/2009/2) found that an inadequate accountability framework hinders the effectiveness of the programme under budget section 11 (United Nations support for the New Partnership for Africa's Development). In particular, there is no single senior officer responsible for overseeing the United Nations support to the New Partnership, whose programmes are implemented by three organizational units: the Office of the Special Adviser on Africa, the Economic Commission for Africa and the Department of Public Information. In addition, the potential for synergy between the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States and the Office of the Special Adviser on Africa as small offices with overlapping mandates has not been fully exploited. OIOS recommended that the Secretary-General assess the potential efficiency that would be gained by combining the administrative and advocacy functions of the two Offices for the consideration of the Assembly. OIOS also recommended that the three subprogrammes under section 11 of the budget be brought under the responsibility and oversight of a senior officer. The recommendations were considered by the Committee for Programme Coordination at its forty-ninth session. The Committee regretted that OIOS had expressed support for an alignment of functions between the two Offices although the Assembly had decided not to approve that proposal.

38. In the inspection of the Department of Public Information (IED-09-001), OIOS found that the organizational structure of the Department was complex and compartmentalized, causing an unclear distribution of roles and responsibilities. This lack of a clear chain of accountability affects programme coordination and effectiveness. Moreover, there is a risk of duplication of activities between the United Nations information centres located in countries with active peacekeeping operations or special political missions and the information units of peacekeeping operations. OIOS recommended that a further review of the organizational structure of the Department be conducted in order to identify opportunities for consolidation and to address the issue of accountability in decision-making. OIOS also recommended that the Department, in consultation with the United Nations Communications Group, prepare specific guidance on the coordination of its activities with the United Nations country teams and United Nations information centres. These recommendations have been accepted.

B. Governance risk

OIOS defines governance risk in the context of the United Nations as the impact on the mandate, operations or reputation of the Organization arising from:

- Failure to establish appropriate processes and structures to inform, direct, manage and monitor the activities of the Organization
- Insufficient leadership within senior management
- Absence of promotion of an ethical culture in the Organization

39. In an audit of the efficiency, effectiveness and quality of services provided to beneficiaries of the United Nations Joint Staff Pension Fund (AS2008/800/01), OIOS found a lack of clarity in the respective responsibilities of the Fund, the staff pension committees of member organizations and their pension secretaries regarding the benefit approval and payment process. Moreover, the absence of a specific time frame for the submission of separation documents by member organizations and the lack of clear procedures for follow-up with member organizations resulted in delays in delivering benefit payments. OIOS recommended that the secretariat of the Fund work with member organizations and their pension secretaries to develop a strategy to define responsibilities and formal agreements to ensure the timely submission of required documentation. This issue will be addressed by the staff pension committees in 2009.

40. In an audit of the two-track system of the United Nations Joint Staff Pension Fund (AS2008/800/04), OIOS found that there were no documented operational procedures on the application of the currency criteria set forth in the pension adjustment system[14] and no clear criteria to justify decisions for establishing a local currency base amount. These factors, coupled with fluctuations of economic conditions in certain countries, have made it difficult for the Fund to determine pension benefits under the two-track system, thus delaying benefits for certain retirees. OIOS recommended, inter alia, that the Fund develop formal procedures to guide the process for the establishment, suspension or discontinuance of currencies eligible to participate in the two-track system. OIOS further recommended that the Fund elaborate on the criteria for currencies in quantitative terms and identify triggers for the review of the conditions of a country. The management of the Fund explained that it intended to further address this issue through the establishment of a high-level technical evaluation and risk management unit that it was proposing in its next budget submission.

41. In an audit of the United Nations Office on Drugs and Crime, office for the Russian Federation and Belarus (AE2008/366/01), OIOS found weaknesses in the

[14] The two-track system is a feature of the pension adjustment system whereby the pension benefit is calculated and paid in the currency of the country where the beneficiary resides.

planning and monitoring of a $17 million project, one of the largest HIV/AIDS projects in the Russian Federation. The project lacked overall targets in terms of coverage and anticipated outputs, as it had started, contrary to the instructions of the United Nations Office on Drugs and Crime, without the prior approval of the Government and regional authorities. The project implementation rate was low; for example, only 3 per cent of the funds allocated for 2008 had been utilized at the time of the audit in the middle of that year. Moreover, the absence of targets made it difficult to evaluate the project results. The United Nations Office on Drugs and Crime accepted the OIOS recommendations to set targets for the remaining period of the project, assess the adequacy of the remaining period of the project and discuss possible extensions with donors.

42. In an audit of the automated system for customs data of the United Nations Conference on Trade and Development (UNCTAD) (AE/2007/341/1), OIOS found mismanagement in the selection of a software application distributed to countries participating in the programme. In the opinion of OIOS, this resulted from a lack of oversight of the programme by UNCTAD and inadequate governance, which did not allow for effective monitoring and review of major decisions. Following a recommendation by OIOS, UNCTAD advised that it will launch a new software application in 2010 so as to fully comply with United Nations rules.

43. OIOS conducted an audit of the adequacy of the arrangements for implementing the clean development mechanism[15] at the secretariat of the United Nations Framework Convention on Climate Change (AA2008/241/01). Overall, OIOS found that the secretariat needed to further strengthen existing arrangements for the implementation of the mechanism. In particular, OIOS found that no single document captured the additional responsibilities arising from the gradual shift to greater involvement in substantive issues, including the pre-assessment of project cases, which could result in inadequate guidance and unclear accountability. In its response to a draft of the present report, the secretariat of the Convention indicated that the management plan for the clean development mechanism for 2009 consolidates the existing provisions relating to the roles and responsibilities for its implementation.

44. In an audit of security operations in United Nations Office at Nairobi (AA2007/211/03), OIOS found that interaction and coordination of the security management team with other security actors, such as the United Nations country team, had yet to be established. As a result, the sharing of responsibilities between various security actors was not clearly defined, a fact which could result in confusion and lack of preparedness in the event of an emergency. Following the recommendation of OIOS, the Office agreed to implement coordination mechanisms with the United Nations country team to address these shortcomings.

45. In an audit of the Information Technology Services Division (AH2007/513/05), OIOS identified control weaknesses in the procurement and management of certain outsourced activities. In particular, OIOS found that officials of the Division had contravened standards of conduct of international civil servants by communicating with a vendor prior to a bidding process. After the award of the contract, the officials continued to refer their preferred candidates to the vendor for

[15] The clean development mechanism allows a country with an emission-reduction or emission-limitation commitment under the Kyoto Protocol to implement an emission-reduction project in a developing country, which can earn saleable certified emission-reduction credits.

assignments at the United Nations. OIOS made recommendations to investigate the circumstances of this violation and to take appropriate action to address any improprieties or any conflict of interest. The recommendation was not accepted, based on the argument that the alleged violation did not take place. OIOS maintains that documentation found on the premises of the vendor was evidence of the referrals made by the officials, and it therefore reiterates its recommendation.

46. In an audit of the management of the Office of the Special Adviser on Gender Issues and Advancement of Women and the Division for the Advancement of Women of the Department of Economic and Social Affairs (AN2008/540/01), OIOS found that there was no cohesive framework to measure global progress on the advancement of women within the United Nations system in the context of the goals agreed upon in the Beijing Declaration and Programme for Action. The lack of an adequate performance monitoring framework has resulted in primarily anecdotal progress reports and, that being the case, progress is not readily comparable or measurable. OIOS recommended that the Department of Economic and Social Affairs, in consultation with the Commission on the Status of Women and major stakeholders, review the programme of work to facilitate the follow-up of internationally agreed goals. The Department accepted the recommendation.

47. The report of OIOS on the evaluation of implementation of the Secretary-General's 2007 commitment to move the United Nations towards climate neutrality (IED-09-002) found that climate neutrality cannot be reconciled with inaction on travel, the largest source of United Nations emissions. There remain a number of critical issues that must be addressed so that the Organization can credibly claim to be moving towards climate neutrality. OIOS recommended that the focus be placed on implementing concrete measures for reducing greenhouse gas emissions, especially emissions as a result from official travel. OIOS also expressed its strong concern that personal accrual of "frequent flyer air miles" poses a potential conflict of interest. OIOS has been advised that the Secretary-General's climate change team has completed its first annual assessment of the carbon footprint of the Office of the Secretary-General, including the travel of the Secretary-General and of those in his entourage. In addition, the Secretary-General informed OIOS that internal consultations are under way to propose emissions-reduction measures but that the frequent flyer miles issue goes beyond climate neutrality and should be considered in the context of an overall travel policy for the Organization. OIOS expressed its support for the development of a sustainable travel policy and noted with interest that the Travel and Transportation Section of the Office of Central Support Services has explored the possibility of attributing frequent flyer points to the purchase of carbon offsets. OIOS encourages further study in this area and reiterates the need to ensure that the accrual of personal frequent flyer points does not influence decisions on when, where and how to travel.

48. The thematic evaluation of United Nations coordination bodies (E/AC.51/2009/6) assessed the work of seven bodies[16] established to coordinate the activities of Secretariat programmes. OIOS found that the bodies made a positive contribution to policy alignment and information sharing, but that they were less

[16] The Executive Committee on Peace and Security, the Executive Committee on Economic and Social Affairs, the Executive Committee on Humanitarian Affairs, the United Nations Development Group, the Senior Management Group, the Policy Committee and the High-level Committee on Programmes of the United Nations System Chief Executives Board for Coordination.

effective in coordinating programme delivery and strengthening the performance of the Organization. As such, they are not fully implementing their coordination mandates, thus increasing the risk of duplicative activities and missed opportunities for greater complementarity and coherence in programme planning and implementation. Weaknesses in the structures and working methods of the bodies, such as unclear membership and convener roles, inadequate meeting procedures and poor monitoring and measurement of performance, hinder the achievement of their objectives. OIOS recommended that the seven coordinating bodies strengthen their working procedures by creating well-defined terms of reference and membership criteria, results-based workplans, forward-looking agendas and easily accessible websites. OIOS also recommended that their respective roles and mandates be reviewed and refined, and that the information flow between the bodies be enhanced. The Committee for Programme and Coordination recognized the importance of the United Nations coordination bodies and recommended that the General Assembly request the Secretary-General to further enhance their work in order to improve the effectiveness of programme delivery and organizational performance of their member organizations.

C. Compliance risk

OIOS defines compliance risk in the context of the United Nations as the impact on the mandate, operations or reputation of the Organization arising from violations of or the failure or inability to comply with laws, rules, regulations, prescribed practices, policies, procedures or ethical standards.

49. In an audit of the contract between the United Nations and the American Express Travel Related Services Company Inc. for the provision of travel management services (AH2008/513/03), the company responded very slowly to requests for certain information, which hampered the completion of the audit. Ultimately, OIOS, not having received all the information it had requested, was forced to scale back the scope of the audit. In the opinion of the Office, refusal of American Express to provide the requested material constituted a violation by the company of the terms of its contract. Moreover, OIOS found that the procurement process was not conducted in compliance with the United Nations procurement principles. Overall, the selection process appeared to favour the company that was awarded the contract. The technical evaluation showed that two other vendors that presented lower bids were rejected, despite meeting the required technical criteria. OIOS recommended that the Department of Management request American Express to comply fully with the audit clauses of the contract. Failing such compliance, OIOS recommended that the Department initiate sanctions against the company. This recommendation was not accepted by the Department of Management, which stated it was not in a position to impose such sanctions. The Department also rejected the recommendation of OIOS that a determination be made on accountability for non-compliance with the Financial Regulations and Rules, of the United Nations, stating that the source selection plan for the procurement exercise

was only introduced in 2007, and was not, therefore, applicable to the selection process of American Express in 2004. OIOS noted, however, that the source selection plan was in effect in 2004, as set out in section 11.2 of the 2004 Procurement Manual, and reiterated its recommendation to determine accountability for the lapses.

50. In the same audit, OIOS found that inadequate control over the contract's implementation resulted in ineffective cost containment. Whereas the contract stated that American Express would be reimbursed only for direct operating expenses budgeted and approved by the Organization, there was no written approval of the budget nor any evidence that it had been reviewed. In addition, payments for salary adjustments were processed without submission of appropriate supporting documentation by the company. Travel management services expenditures without appropriate supporting documentation increased from $1.2 million in 2006 to $1.4 million in 2007, and were estimated to be $1.8 million in 2008 — a 50 per cent increase between 2006 and 2008. The Department of Management agreed to determine accountability for these lapses and to ensure that future annual budgets are properly reviewed.

51. The same audit also found that American Express had been providing travel payment services to the United Nations without a contract for the past four years, even though another company had won the award for such services. Consequently, the Organization had lost the opportunity to benefit from at least $1.6 million in rebates from the selected company from January 2005 to November 2008 and might continue to miss the opportunity of saving $500,000 per year. The Department of Management explained that the contract with the selected company had not been concluded owing to ongoing negotiations related to operational, legal and financial issues. OIOS recommended that the Department document the reasons why the contract for travel payment services was not concluded in a timely manner and take appropriate action to determine accountability for the resulting losses. The Department also stated that a second bidding exercise had been initiated. OIOS further recommended that the Department take the necessary interim measures to minimize losses until the conclusion of the travel payment contract with the winner of the new bidding exercise.

52. In an audit of procurement management at the United Nations Office at Vienna and the United Nations Office on Drugs and Crime (AE2008/635/01), OIOS found significant weaknesses in procurement activity planning. There was no annual procurement plan, nor any mechanism to identify field office projects with significant procurement budgets. Uncertain project funding contributed to difficulties in planning procurement expenses. As a result, the Procurement Section had missed opportunities to consolidate its procurement needs and thereby benefit from cost reductions. The Office accepted OIOS recommendations to hold annual meetings with major requisition offices to plan future needs and to refer projects with high procurement budget to the Procurement Section during the planning phase. The Office indicated that, as of 2009, all projects with procurement elements must be cleared by the Procurement Section and that field offices that expect substantial procurement have already submitted their respective procurement plans for the current year.

53. In its audits of the Office of the United Nations High Commissioner for Refugees (UNHCR) operations in Kenya (AR2007/112/02), Thailand

(AR2008/141/01), South Africa (AR2007/113/01), Khartoum and East Sudan (AR2007/115/01) and Iraq (AR2007/131/03), OIOS identified a systemic failure by UNHCR field operations to comply with UNHCR guidelines on the safeguarding of property through inventory control. UNHCR cited inadequate resources as the reason for failing to conduct physical inventory. However, in the opinion of OIOS, the main cause was management failure to ensure adequate inventory controls, resulting in a risk of inappropriate use or loss of assets. Following OIOS recommendations, UNHCR representatives stated that physical inventories would be conducted and completed and the asset records updated by December 2008.

54. In an audit of the UNHCR Liaison Office in Manila (AR2007/141/02), OIOS found that a former staff member had falsified the Office accounts in order to hide a misappropriation of approximately $362,000 between January 2004 and February 2007. The fraudulent activities remained undetected mainly owing to a lack of basic internal supervisory controls and the absence of adequate control procedures during the transition to the new enterprise resource planning system. Based on OIOS recommendations, UNHCR senior management is considering launching an internal inquiry to establish the responsibility of UNHCR managers over the significant control deficiencies observed, although no significant action had been taken to resolve this situation as yet. The former staff member responsible for the fraud is currently untraceable and, as yet, no funds have been recovered.

55. In an investigation at the Office for the Coordination of Humanitarian Affairs (0609/08), OIOS substantiated a report that an international staff member had submitted fraudulent education grant claims of over $65,000. This matter is pending the outcome of the internal disciplinary process, including the recovery of financial loss.

56. In an investigation at UNCTAD (0094/09), OIOS established that an international staff member facilitated the illegal entry of a foreign national to France. The staff member provided the French authorities with forged documents purporting that the individual was officially invited to attend a United Nations conference. This matter is pending the outcome of the internal disciplinary process.

57. In an investigation at the Economic and Social Commission for Western Asia (0503/08), OIOS established that a senior United Nations officer put himself and security officers of the Department of Safety and Security at risk when he instructed them to transport him and a Government official through Beirut, contrary to a travel ban restricting movement through the city at that time. Shots were fired at their vehicle, injuring one security officer and damaging the vehicle, which belonged to the United Nations. The findings of the investigation were forwarded to the Secretary-General and are pending the outcome of the internal disciplinary process.

58. In an investigation conducted at United Nations Headquarters (0176/08), OIOS substantiated that, for several years, an international staff member repeatedly misused ICT resources of the Organization by obtaining, storing and distributing inappropriate messages containing pornography, contrary to the provisions set out in the Secretary-General's bulletin ST/SGB/2004/15 on the use of ICT resources and data. A review of forensic evidence revealed that the staff member used his official e-mail account to send inappropriate material through a distribution list of approximately 85 official United Nations e-mail addresses.

59. In addition, OIOS established that the staff member stored over 12,000 photographs and 699 video clips depicting pornography or images with sexual content. The staff member, who admitted his improper conduct to OIOS, was subsequently charged with misconduct and later dismissed from the Organization. It should be further noted that since the completion of that investigation, OIOS has investigated and issued related reports involving more than 80 staff members whose names appeared in the distribution list of the above staff member and who, albeit to various degrees, were engaged in similar wrongful conduct. These reports are pending internal disciplinary process.

60. An OIOS investigation (0202/09) substantiated a report that a staff member from the Department of Economic and Social Affairs was arrested by the authorities of a Member State for possessing child pornography. More specifically, after examining his personal belongings at an international airport where the staff member had arrived on a personal trip from New York, the authorities found an electronic memory device containing explicit electronic images depicting child pornography. A subsequent forensic examination conducted by national authorities revealed over 800 images on various electronic media in that staff member's personal belongings. On 17 April 2009, the staff member pleaded guilty before a court to possession of child pornography and smuggling of prohibited goods under the relevant criminal provisions of that Member State. He was sentenced to 90 days in jail. A subsequent OIOS forensic review of the staff member's United Nations computer data and official e-mail account did not reveal any inappropriate material. This matter is pending internal disciplinary process.

61. An OIOS investigation (0005/08) substantiated reports that an international staff member assigned to United Nations Headquarters misused United Nations documentation and forged the signature of another staff member to obtain $5,000 from an outside party under the pretext of arranging a "serious candidacy" for a "Directorship" at a non-existent "2008 United Nations fashion show". The money was returned to the complainant before the completion of the investigation. The staff member left the Organization before the finalization of the disciplinary process.

62. An OIOS investigation at the International Criminal Tribunal for Rwanda (0671/06) substantiated reports that an assignment grant of $9,724.40 and a residential security allowance of $1,800 were wrongly paid to a staff member based on false claims. The staff member submitted false information regarding her residence in order to benefit from an assignment grant and security allowance for which she was not eligible. The staff member acknowledged that she had submitted false claims. Following an OIOS recommendation that the United Nations take appropriate action, the amount paid to the concerned staff member was recovered. The staff member was separated from the Organization.

63. In an investigation at the United Nations Office at Nairobi (0112/08), OIOS established that a staff member engaged in unauthorized outside activities without seeking prior approval from the Secretary-General. OIOS substantiated reports of an illegal scheme, whereby the staff member obtained $80,000 from other staff members and outside parties under false pretences. The staff member untruthfully claimed that she would invest and repay the money at a monthly interest rate of 20 per cent. The staff member has been separated from the Organization.

64. In an investigation at the Economic Commission for Africa (0041/06), OIOS substantiated reports of an irregular payment of an education grant to a former staff member, resulting in a financial loss of $59,403 to the Organization. The former staff member submitted past-due claims, which were rejected at the time because they did not meet requirements. Later, however, a senior staff member certified the rejected claims, resulting in improper payment. The matter is pending outcome of the internal disciplinary process, including possible action against the staff member who improperly certified the payment and financial recovery from the former staff member.

65. In several investigations at the United Nations Office at Nairobi (0531/07; 0045, 0046, 0047/09), OIOS substantiated reports on misrepresentation by a number of staff members in the Security and Safety Section. The concerned staff members submitted false information in their respective personal history profiles and provided fraudulent documents purporting to be from previous employers. These false submissions were identified as a result of improved background checks on all security officers by the Security and Safety Section. OIOS recommended that appropriate action be taken against the concerned staff members and that the matter be referred to the local law enforcement authorities. The matter is pending outcome of the internal disciplinary process.

66. In another investigation at the Economic Commission for Africa (PTF-R008/08), the former OIOS Procurement Task Force substantiated reports of fraud and cases of conflict of interest. A retired United Nations staff member fraudulently claimed dependency benefits to which he was not entitled. The exact amount of the loss, which occurred over a period of more than 20 years, has yet to be determined. The Task Force also found evidence that the same staff member co-owned, managed and was associated with several private businesses while employed by the Organization, without the authorization of the Secretary-General. In the same investigation, the Task Force substantiated reports that another staff member of the Economic Commission for Africa was actively involved in managing private entities and engaged in outside activities without the authorization of the Secretary-General. This staff member failed to report a conflict of interest relating to two United Nations vendors with whom he interacted in his official capacity. These matters are pending outcome of the internal disciplinary process.

67. The former OIOS Procurement Task Force (PTF-R009/08) substantiated claims that a staff member participated in a scheme to defraud the United Nations and embezzle funds of the United Nations Development Fund for Women. The funds had been allocated for a humanitarian project aimed at assisting the people of Iraq. The evidence showed that the fraudulent scheme was achieved by steering $350,000 allocated for the project to a preferred vendor and subsequently assigning a substantial part of this amount to the personal use of the staff member. The matter is pending outcome of the internal disciplinary process.

68. In an investigation at the United Nations Office for Project Services (UNOPS) (PTF010-08), carried out at the request of the Executive Director of UNOPS, the OIOS Procurement Task Force substantiated claims that a former international staff member involved in operations in Afghanistan and Dubai repeatedly violated the rules and regulations of the United Nations by misappropriating funds in an egregious manner and engaging in fraudulent and unlawful acts. The evidence revealed that the staff member repeatedly used funds for personal purchases and

expenditures and awarded a contract without following normal procurement process. To conceal and perpetuate these acts, the staff member created a false and fraudulent document, coerced subordinates to assist his fraudulent scheme using fear and intimidation and failed to submit proper, thorough documentation. The total sum misappropriated by the staff member in carrying out these wrongful and fraudulent actions is $479,000. All recommendations of the report have been implemented by UNOPS management, most of them before the issuance of the present report. The matter has also been referred to national law enforcement authorities for possible criminal prosecution.

D. Financial risk

OIOS defines financial risk in the context of the United Nations as the impact on the mandate, operations or reputation of the Organization arising from:

- Failure to obtain sufficient funding
- Inappropriate use of funds
- Inadequate management of financial performance below expectations
- Inappropriate reporting and disclosure of financial performance

69. In an audit of the Myanmar country office of the United Nations Office on Drugs and Crime (AE2007/365/03), OIOS found that the use of funds allocated to non-governmental organizations in charge of implementing projects, totalling $1 million, which represented 59 per cent of the total funds allotted to the Myanmar country office for 2007, was not monitored. Project staff believed that they were responsible only for monitoring the technical aspects of the projects, although their terms of references clearly indicated that they were responsible for both technical and financial monitoring. Management failed to ensure that project staff monitored the use of funds. In addition, the contracts with non-governmental organizations did not give the country office access to their financial records, risking misuse of the funds. OIOS recommended that the country office ensure that project managers closely monitor and report periodically on the use of funds by non-governmental organizations. The United Nations Office on Drugs and Crime agreed and implemented the recommendation. The country office indicated that it continues to conduct quarterly review meetings with implementing partners, site visits and reviews of the interim financial reports of implementing partners. Project staff review and monitor budgets, costed workplans and semi-annual and annual technical and financial reports.

70. In an audit of financial management in the secretariat of the United Nations Convention to Combat Desertification (AA2008/242/01), OIOS found that the secretariat, owing to lack of capacity, had no fund-raising strategy to support its programme of work. This could result in inability to implement programmes and put the reputation of the Organization at risk. OIOS recommended that the secretariat

develop a fund-raising strategy. In response to discussions held during the audit, a post was established at the P-5 level, including functions for the development of a fund-raising strategy.

71. In its audit of the Juba initiative project of the Office for the Coordination of Humanitarian Affairs in the Sudan (AN2008/590/05),[17] OIOS found weaknesses in the project's accountability framework. Oversight responsibilities were not clearly delineated, resulting in project inefficiencies. OIOS also found several instances of non-compliance with financial control requirements. For example, the OCHA office in Juba was approving payments without exercising adequate controls over the process. In addition, there was no umbrella agreement between the Office for the Coordination of Humanitarian Affairs and the Government of South Sudan to govern the various agreements relating to this project, creating gaps and inconsistencies in administering the entitlements for delegates and staff involved in the project implementation. The Office for the Coordination of Humanitarian Affairs indicated that it was taking note of the recommendation of OIOS in order to address these weaknesses in executing its future projects.

E. Operational risk

OIOS defines operational risk in the context of the United Nations as the impact on the mandate, operations or reputation of the Organization arising from:

- Inadequate, inefficient or failed internal processes
- Failure to carry out operations economically, efficiently or effectively

72. In an audit of the pension administration system (PENSYS) system and document imaging at the United Nations Joint Staff Pension Fund (AT2008/800/01),[18] OIOS found that the system operations function was not adequately segregated from the development function — a fundamental control requirement. This increased the risk of unauthorized access to the pension administration system and of the unauthorized generation of transactions. Moreover, security responsibilities were not assigned. OIOS recommended that the Fund implement compensating controls to mitigate the risks arising from the lack of segregation of duties in the key ICT functions of the system. OIOS also recommended that the Fund ensure the proper segregation of roles for the new system. The Fund accepted the recommendations and reported that their implementation was under way.

73. In an audit of the completion strategy of the International Tribunal for the Former Yugoslavia (AA2008/270/01), OIOS found that significant progress had

[17] The Juba initiative project was an initiative of OCHA to provide funds for the Juba peace process mediated by the Government of South Sudan to support the peace talks between the Government of Uganda and the Lord Resistance Army/Movement (LRA).

[18] See para. 79 for another finding of the same audit report.

already been achieved in areas such as inter-organ coordination, effective information management, judicious deployment of resources, staff retention and reduction in the length of trials and appeals. However, additional focus could further reduce the risk that the completion strategy targets are adversely affected. OIOS recommended that administration of the International Tribunal for the Former Yugoslavia continue to improve internal coordination and information management, assess the impact of measures aimed at reducing the length of trials and ensure retention of key staff and effective allocation of resources.

74. In its audits of six donor-funded projects of Economic Commission for Africa (AA2008/710/05, AA2008/710/06, AA2008/710/07, AA2008/710/08, AA2008/710/09 and AA2008/710/10), OIOS found that projects were not implemented and completed in a timely manner. The delays were caused by the inadequate consideration of factors that affected the delivery of project outputs before setting timelines with donors and the untimely liquidation of obligations, mainly with UNDP, for the services rendered on behalf of the Commission. The delay in closing some projects could lead to the perception on the part of the donors that the Commission is not able to manage and deliver projects as agreed. The Commission accepted the recommendations of OIOS that immediate action should be taken in order to improve the procedures for project agreements, that timelines should be established, that an action plan should be set up in order to solve outstanding obligations with UNDP for the 2004-2007 period and that the projects should be closed.

75. The OIOS evaluation of the Peacebuilding Fund (IED-08-06) identified risks in its performance and operations. While the Fund fills a clear peacebuilding niche and has seen some early results in contributing to peaceful dispute resolution, it has not yet fully fulfilled its two key objectives, namely quickly identifying and funding the most critical peacebuilding gaps and catalysing more substantial and sustainable peacebuilding funding in the countries it assists. The optimal use of the Fund is hampered by insufficient strategic focus and inadequate work processes, weak decision-making and accountability, lack of technical capacity and poor performance reporting. As a result, the full potential of the Fund as a vital peacebuilding tool for countries that require urgent peacebuilding support has not been realized. OIOS recommended that the role of the Fund be clarified and that a strategic internal resource assessment be conducted. OIOS also recommended that decision-making, accountability mechanisms and delays in project implementation be addressed and improved. The Peacebuilding Support Office has already started to implement these recommendations.

F. Human resources risk

OIOS defines human resources risk in the context of the United Nations as the impact on the mandate, operations or reputation of the Organization arising from the failure to develop and implement appropriate human resources policies, procedures and practices.

76. The in-depth evaluation of the Office of Human Resources Management (A/63/221) found that it is not fully effective in its role as the central authority responsible for strategic human resources planning and policy development, delegation of human resources authority and direct provision of human resources services. This is due to unclear prioritization of human resources initiatives, insufficient human resources management planning and policy development, a lack of clarity on human resources roles and limited monitoring of delegated authorities. Consequently, key human resources objectives, such as a timely and credible staff recruitment process, the selection and retention of a highly qualified and mobile staff, geographical distribution and gender goals and an integrated approach to career development are not being achieved. To address this risk, OIOS recommended that the Office of Human Resources Management make improvements to the staff selection process, career development and staff mobility programmes, policy development, reform initiatives, delegation of authority and monitoring. The Office of Human Resources Management has taken action to begin implementation of these recommendations.

G. Information risk

OIOS defines human resources risk in the context of the United Nations as the impact on the mandate, operations or reputation of the Organization arising from the failure to establish and maintain appropriate ICT systems and infrastructure.

77. In an audit of ICT systems planning and governance structures (AH2006/513/07), OIOS determined that several significant ICT initiatives had not been subjected to pre- and post-implementation reviews, as required by established United Nations procedures. This could result in inefficiencies and misalignment between ICT initiatives and the Organization's goals. OIOS recommended that the Office of Information and Communications Technology establish procedures to ensure that all significant initiatives were adequately substantiated, reviewed and approved. The Chief Information Technology Officer accepted the recommendation and reported that the project management officer post envisioned for the new ICT strategy (A/62/793) would address project reviews for all major projects.

78. In the same audit, OIOS found that the enterprise resource planning project had no defined human and financial resources allocation and transition plans nor any implementation time frame. The inadequate planning of the project exposes the United Nations Secretariat to the risk of inefficient use of resources and insufficient skills for its implementation. OIOS recommended that the steering committee of the project ensure that sufficient resources were allocated and detailed plans for transition arrangements established. OIOS also recommended that the steering committee suspend further investment in new systems until criteria regarding their acquisition, development, continuing funding and maintenance are endorsed by the Executive Committee on Information and Communications Technology. The Office of Information and Communications Technology accepted these recommendations.

79. In an audit of the pension administration system (PENSYS) system and document imaging at the United Nations Joint Staff Pension Fund (AT2008/800/01),[19] OIOS found that delays in the calculation of benefits were due to the insufficient quality of data feeding the pension administration system. The delays resulted from more than 10,000 participant reconciliation exceptions in the data received from several human resources systems. The pension administration system uses data provided by over 70 participating United Nations entities, including the United Nations Secretariat, funds, programmes, peacekeeping missions and the specialized agencies. OIOS recommended that the United Nations Joint Staff Pension Fund bring this critical issue to the highest level of management in the participating member organizations. The Fund accepted the recommendation and stated that the data enhancement was a continuing process.

80. In an audit of ICT governance and security at the Department of General Assembly and Conference Management (AT2008/550/01), OIOS found that an important initiative pertaining to the enhancement of the Official Document System lacked adequate monitoring mechanisms. The absence of a proper monitoring function, which should have been performed by the governing body or the lead office, the Office of Information and Communications Technology, or its predecessor, the Information Technology Services Division, prevented the timely identification of issues relating to the inadequate coordination and ownership of the project. OIOS recommended that the Chief Information Technology Officer, in consultation with the Department for General Assembly and Conference Management and the Department of Public Information, establish a subcommittee of the Committee on Information Management to oversee the enhancement of the Official Document System. The Department for General Assembly and Conference Management accepted the recommendation and indicated that such a committee had been formed.

81. In an audit of the UNHCR human resources module of the PeopleSoft system (AR2008/162/02), OIOS found that the implementation of the module lacked basic controls, such as: (a) a strategy for the roll-out in the field of this module; (b) adequate workflow and data validation; and (c) adequate auditing functionality within the module. These shortfalls affected the effectiveness of this module and exposed UNHCR to information integrity risks. UNHCR accepted most OIOS recommendations to remedy the situation, agreed that there was a need to enhance accountability and suggested applying alternative mechanisms, in combination with the implementation of the other audit recommendations.

82. In addition, in another audit of the level of information technology security of the PeopleSoft system at UNHCR (AR2008/166/01), OIOS found critical weaknesses, including a lack of information security policies, the absence of dedicated information security officers, an outdated business continuity plan and inadequate incident response procedures. The strategic approach for the adoption of the new system did not adequately consider the fundamental requirements for data confidentiality, integrity and availability. The UNHCR administration accepted most OIOS recommendations to remedy the situation.

[19] See para. 72 for another finding of the same audit report.

IV. Mandated reporting requirements

A. Capital master plan

83. In accordance with General Assembly resolution 62/87, OIOS is responsible for reporting on the activities of the Capital Master Plan Audit Section during the reporting period.[20]

84. With two full time auditors dedicated to auditing the capital master plan operations, OIOS has developed its expertise in construction auditing. The risk assessment of the capital master plan allowed the identification of 90 risks and four main risk types: delays, funding, project complexity and decision-making. More than half of the risks identified were considered high level. The 2009 workplan for the internal audit of the capital master plan was prepared based on the result of the risk assessment. Highlights of the four audits completed during the reporting period are presented below.

85. The audit of the provision of alternative offices, storage and other facilities during the execution of the capital master plan (AC2008/514/08) indicated that:

(a) The majority of departments and offices in the United Nations Secretariat had not complied with policies on record keeping and management of United Nations archives, as per the Secretary-General's bulletin ST/SGB/2007/5;

(b) There have been no digitization guidelines covering taxonomy and metadata standards, retention and disposition, information security and accessibility of digital records in the United Nations. Since the audit was carried out, the Department has indicated that several meetings have been held on digitization initiatives and the respective focal points have been established in various departments. The Department further explained that the Office of Information and Communications Technology has prepared a technical guidance on digitization. OIOS also found that digitization costs were not included in the capital master plan budget. In the opinion of OIOS, such costs should be incorporated in departmental budgets in order to avoid overexpenditure of the capital master plan budget;

(c) There were delays (averaging 110 days for 6 contracts) in finalizing guaranteed maximum price contracts. These delays contributed to the postponing of scheduled staff moves to swing spaces for three months.

86. The audit of the capital master plan's project budgeting and financial control processes (AC2008/514/04) identified variances between projected costs as at August 2007 and September 2008. These were attributable mainly to construction cost inflation or changes of scope, such as the size increase of the North Lawn Conference Building, a redesign after the adoption of the accelerated strategy, and changes as a result of the value engineering exercise. The Office of the Capital Master Plan accepted the recommendation of OIOS to ensure that causes of variances are explained in future reports to the Secretary-General in order to enhance accountability and give interested parties a better understanding of factors affecting the project.

[20] All OIOS reports are available to Member States, as stated in General Assembly resolution 59/272, para. 1 (c) upon request.

87. An audit of the capital master plan's value engineering process (AC2008/514/03) concluded that the Office of the Capital Master Plan followed a suitable process for identifying value engineering savings. This contributed to a reduction of approximately $100 million of the projected budget shortfall at the time of the audit. The audit found that the Office of the Capital Master Plan has embedded value engineering into its culture and is applying it in a manner that has not compromised project objectives. However, OIOS observes that value engineering savings alone may be insufficient to avoid exceeding the capital master plan budget.

88. A further audit was conducted on the security provisions applied to staff, site and assets during the execution of the capital master plan (AC2009/514/05). The Office of the Capital Master Plan and the Department of Safety and Security accepted the findings and conclusions of the report. The scope included security arrangements for design and compliance with contractual obligations. The report made 14 recommendations, of which 11 had already been implemented by the time the report was issued in December 2008, two were in progress and one is to be followed up.

B. United Nations Compensation Commission

89. In accordance with General Assembly resolutions 59/270 and 59/271, OIOS presents its audit activities relating to the United Nations Compensation Commission. During the reporting period, the Commission allocated $50,000 per year for OIOS audit.

90. The Compensation Commission continues to disburse award payments and to monitor environmental projects undertaken by claimant Governments with funds awarded in response to environmental damage. As at 31 May 2009, the operations of the Compensation Commission had been downsized to four staff members, including the Executive Head. The follow-up programme for environmental awards had two professional staff with four more under recruitment.

91. At its last session in April 2009, the Governing Council started discussions on the future structure of the follow-up programme for environmental awards and directed the Secretariat to convene a group of experts that would prepare feasible options. The Governing Council will continue deliberating on this issue at its next session in November 2009.

92. In conducting an audit of the claims payments for the period July 2007 to December 2008 (AE2008/820/01) OIOS found that the Compensation Commission had adequate control mechanisms to ensure that award and payment records as well as reports were accurate, properly documented and compliant with Governing Council decisions and the Financial Regulations and Rules of the United Nations. The Commission has paid $27 billion up to 30 June 2009 in respect of which most Governments and other submitting entities have fully complied with the Governing Council distribution reporting requirements. However, Governments and other submitting entities had still to submit audit certificates relating to $34 million of awards disbursed to them. Audit certificates are intended to provide additional assurance that payments have been distributed to the claimants. OIOS recommended, and the Compensation Commission agreed, that its efforts to pursue the outstanding certificates should be continued. This is the only outstanding OIOS recommendation to the United Nations Compensation Commission.

Annex

Overview of mandated reporting requirements

The categories of information to be included in the annual reports of the Office of Internal Oversight Services (OIOS) are set out in the following documents:

(a) Secretary-General's bulletin ST/SGB/273 (para. 28):

(i) A description of significant problems, abuses and deficiencies and related OIOS recommendations;

(ii) Recommendations not approved by the Secretary-General;

(iii) Recommendations in previous reports on which corrective action has not been completed (see A/64/326 (Part I)/Add.1);

(iv) Decision from a previous period revised by management;

(v) Recommendations on which agreement could not be reached with management or where requested information or assistance was refused (see A/64/326 (Part I)/Add.1);

(vi) The value of cost savings recommended and amounts recovered (see A/64/326 (Part I)/Add.1);

(b) General Assembly resolution 56/246:

(i) Information regarding the implementation rate of the recommendations of the previous three reporting periods (see A/64/326 (Part I)/Add.1);

(ii) Information regarding the impact of the reorganization of OIOS on its work;

(iii) Reporting separately on those recommendations that have been implemented, those that are in the process of being implemented and those for which no implementation process is under way, and the reasons for their non-implementation (see A/64/326 (Part I)/Add.1);

(c) General Assembly resolutions 57/292 and 60/282: reporting on oversight activities conducted throughout the phases of the capital master plan project in the context of the annual reports of the OIOS;

(d) General Assembly resolutions 59/270 and 59/271: provision of internal oversight of the entire claims process of the United Nations Compensation Commission and reporting regularly thereon in the context of the annual reports of the Office;

(e) General Assembly resolution 59/272: annual reports should contain titles and brief summaries of all reports of the Office issued during the year (see A/64/326 (Part I)/Add.1);

(f) General Assembly resolution 62/87: requests OIOS to ensure effective audit coverage of the capital master plan and to submit to the General Assembly all of its reports related to its implementation.

United Nations A/64/326 (Part I)/Corr.1

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Sixty-fourth session
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Report on the activities of the Office of Internal Oversight Services

Activities of the Office of Internal Oversight Services for the period from 1 July 2008 to 30 June 2009*

Report of the Office of Internal Oversight Services

Corrigendum

Summary

1. **Third paragraph, second sentence**

For 1,871 *read* 1,941

2. **Third paragraph, third sentence**

For 615 *read* 635

* Excluding oversight of peacekeeping activities, which will be reported on in document A/64/326 (Part II).

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Report on the activities of the Office of Internal Oversight Services for the period from 1 July 2008 to 30 June 2009

Addendum

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* A/64/150.

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Abbreviations and acronyms

CEB	United Nations System Chief Executives Board for Coordination
CNMC	Cameroon and Nigeria Mixed Commission
DESA	Department of Economic and Social Affairs
DFS	Department of Field Support
DGACM	Department for General Assembly and Conference Management
DM	Department of Management
DPA	Department of Political Affairs
DPI	Department of Public Information
DPKO	Department of Peacekeeping Operations
DSS	Department of Safety and Security
ECA	Economic Commission for Africa
ECE	Economic Commission for Europe
ECLAC	Economic Commission for Latin America and the Caribbean
EOSG	Executive Office of the Secretary-General
ESCAP	Economic and Social Commission for Asia and the Pacific
ESCWA	Economic and Social Commission for Western Asia
ICTR	International Criminal Tribunal for Rwanda
ICTY	International Tribunal for the Former Yugoslavia
IMS	Investment Management Service
ITC	International Trade Centre UNCTAD/WTO
MINUSTAH	United Nations Stabilization Mission in Haiti
MONUC	United Nations Organization Mission in the Democratic Republic of the Congo
OCHA	Office for the Coordination of Humanitarian Affairs
OCSS	Office of Central Support Services
ODA	Office of Disarmament Affairs
OHCHR	Office of the United Nations High Commissioner for Human Rights

OHRLLS	Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States
OICT	Office of Information and Communications Technology
OLA	Office of Legal Affairs
OPPBA	Office of Programme Planning, Budget and Accounts
OOSA	Office for Outer Space Affairs
OSAA	Office of the Special Adviser on Africa
PBSO	Peacebuilding Support Office
UNAMA	United Nations Assistance Mission in Afghanistan
UNAMI	United Nations Assistance Mission for Iraq
UNAMID	African Union-United Nations Hybrid Operation in Darfur
UNCC	United Nations Compensation Commission
UNCCD	United Nations Convention to Combat Desertification
UNCTAD	United Nations Conference on Trade and Development
UNDOF	United Nations Disengagement Observer Force
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNFICYP	United Nations Peacekeeping Force in Cyprus
UNFIP	United Nations Fund for International Partnerships
UN-Habitat	United Nations Human Settlements Programme
UNHCR	Office of the United Nations High Commissioner for Refugees
UNIDIR	United Nations Institute for Disarmament Research
UNIFIL	United Nations Interim Force in Lebanon
UNIIIC	United Nations International Independent Investigation Commission
UNIOSIL	United Nations Integrated Office in Sierra Leone
UNJSPF	United Nations Joint Staff Pension Fund
UNLB	United Nations Logistics Base
UNMEE	United Nations Mission in Ethiopia and Eritrea

UNMIK	United Nations Interim Administration Mission in Kosovo
UNMIL	United Nations Mission in Liberia
UNMIN	United Nations Mission in Nepal
UNMIS	United Nations Mission in the Sudan
UNMIT	United Nations Integrated Mission in Timor-Leste
UNOCI	United Nations Operation in Côte d'Ivoire
UNODC	United Nations Office on Drugs and Crime
UNOG	United Nations Office at Geneva
UNOMIG	United Nations Observer Mission in Georgia
UNON	United Nations Office at Nairobi
UNOV	United Nations Office at Vienna
UNOPS	United Nations Office for Project Services
UNOWA	United Nations Office for West Africa
UNPOL	United Nations police
UNRISD	United Nations Research Institute for Social Development
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UNSCO	Office of the United Nations Special Coordinator for the Middle East Peace Process
UNTSO	United Nations Truce Supervision Organization
UNU	United Nations University

I. Introduction

1. The present addendum provides information on the status of implementation of recommendations issued by the Office of Internal Oversight Services (OIOS). Although a number of the United Nations entities under OIOS oversight coverage consistently implement recommendations in a timely manner, the addendum highlights those recommendations that are of greatest concern because implementation has lagged and/or management has failed to respond in a timely manner.

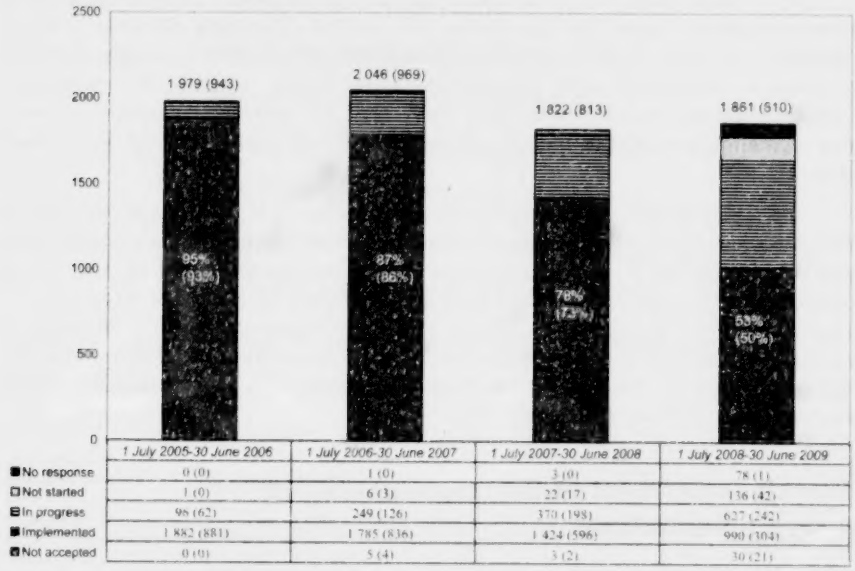
2. The report is divided into four main areas (sects. II-V). Section II provides an overall assessment of the implementation of recommendations. Using a consolidated ageing table, section III provides a closer look at outstanding recommendations by entity, including, where applicable, separate comments on the recommendations of concern. Section IV provides a listing of OIOS recommendations with financial implications for cost avoidance, recovery of overpayments, efficiency gains and other improvements. Section V presents the list of oversight reports issued by OIOS between 1 July 2008 and 30 June 2009.

II. Overall assessment of the implementation of recommendations

3. During the period from 1 July 2008 to 30 June 2009, OIOS issued 1,941 recommendations to United Nations entities. Of these, 635 (33 per cent) were deemed critical. As at 30 June 2009, programme managers had implemented 990 (53 per cent) of all recommendations issued between 1 July 2008 and 31 May 2009 and 304 (49 per cent) of critical recommendations issued during the same period.[1] The figure below shows the breakdown by period of recommendations made between 1 July 2005 and 30 June 2009, including the implementation rate for each of these periods.

[1] While the reporting period is from 1 July 2008 to 30 June 2009, owing to timing constraints, statistics on the status of recommendations include only those recommendations issued through 31 May 2009 and their status as at 30 June 2009.

Breakdown of status of recommendations from 1 July 2005 to 30 June 2009,[a] including implementation rates[b]



	1 July 2005-30 June 2006	1 July 2006-30 June 2007	1 July 2007-30 June 2008	1 July 2008-30 June 2009
No response	0 (0)	1 (0)	3 (0)	78 (1)
Not started	1 (0)	6 (3)	22 (17)	136 (42)
In progress	96 (62)	249 (126)	370 (198)	627 (242)
Implemented	1 882 (881)	1 785 (836)	1 424 (596)	990 (304)
Not accepted	0 (0)	5 (4)	3 (2)	30 (21)

[a] Includes recommendations issued as at 31 May 2009 and the status of their implementation as at 30 June 2009. The number of critical recommendations for each category is given in parentheses.

[b] Critical recommendations are given in parentheses, including percentage rates of implementation.

III. Analysis of recommendations not fully implemented

A. Ageing of recommendations

4. Table 1 provides a breakdown of all recommendations not fully implemented, by entity, as at 30 June 2009 and the number of years each recommendation has been pending full implementation; the number of recommendations deemed to be critical appear in parentheses. To compile the data for the table, each entity was given a four-week period to provide detailed information on the progress made towards the implementation of recommendations as at 30 June 2009. Over 99 per cent of entities provided OIOS with a status update for the purposes of the present report.

Table 1
Ageing of open recommendations as at 30 June 2009[a]

	All open recommendations								*1 July 2008-30 June 2009*		*1 July 2007-30 June 2008*		*1 July 2006-30 June 2007*		*1 July 1999-30 June 2006*	
Entity	*In progress*		*Not started*		*Declined*		*No response*		*< 1 year*		*Between 1-2 years*		*Between 2-3 years*		*> 3 years*	
CEB	1	(1)	0	(0)	0	(0)	0	(0)	0	(0)	1	(1)	0	(0)	0	(0)
DESA	18	(10)	3	(2)	2	(2)	0	(0)	12	(8)	8	(3)	2	(2)	1	(1)
DFS	30	(22)	1	(0)	3	(3)	3	(0)	21	(9)	15	(15)	0	(0)	1	(1)
DGACM	5	(1)	0	(0)	0	(0)	3	(0)	3	(0)	5	(1)	0	(0)	0	(0)
DM	179	(109)	25	(16)	6	(4)	38	(0)	106	(28)	76	(50)	28	(21)	38	(30)
DPA	79	(13)	0	(0)	0	(0)	0	(0)	1	(0)	7	(5)	60	(4)	11	(4)
DPI	10	(8)	0	(0)	0	(0)	0	(0)	7	(7)	3	(1)	0	(0)	0	(0)
DPKO	51	(36)	0	(0)	0	(0)	0	(0)	21	(11)	5	(5)	7	(6)	18	(14)
DSS	23	(9)	3	(0)	0	(0)	10	(0)	31	(6)	3	(1)	0	(0)	2	(2)
ECA	45	(20)	4	(4)	4	(2)	0	(0)	25	(15)	4	(1)	5	(4)	19	(6)
ECESA	1	(1)	0	(0)	0	(0)	0	(0)	0	(0)	1	(1)	0	(0)	0	(0)
ECHA	1	(1)	0	(0)	0	(0)	0	(0)	0	(0)	1	(1)	0	(0)	0	(0)
ECLAC	1	(1)	0	(0)	0	(0)	0	(0)	0	(0)	1	(1)	0	(0)	0	(0)
ECPS	0	(0)	1	(1)	0	(0)	0	(0)	0	(0)	1	(1)	0	(0)	0	(0)
EOSG	27	(5)	2	(2)	3	(3)	1	(0)	6	(4)	5	(2)	22	(4)	0	(0)
ESCAP	6	(6)	0	(0)	0	(0)	0	(0)	0	(0)	6	(6)	0	(0)	0	(0)
ESCWA	1	(1)	0	(0)	0	(0)	0	(0)	0	(0)	1	(1)	0	(0)	0	(0)
Ethics Office	4	(0)	0	(0)	0	(0)	0	(0)	2	(0)	2	(0)	0	(0)	0	(0)
ICTR	4	(0)	0	(0)	0	(0)	11	(0)	12	(0)	2	(0)	1	(0)	0	(0)
ICTY	35	(12)	0	(0)	3	(2)	0	(0)	33	(12)	5	(2)	0	(0)	0	(0)
ITC	1	(1)	0	(0)	0	(0)	0	(0)	0	(0)	1	(1)	0	(0)	0	(0)
MINURCAT	2	(1)	0	(0)	0	(0)	0	(0)	2	(1)	0	(0)	0	(0)	0	(0)
MINUSTAH	8	(3)	0	(0)	0	(0)	0	(0)	4	(0)	3	(3)	0	(0)	1	(0)
MONUC	89	(51)	1	(0)	0	(0)	1	(0)	51	(22)	17	(17)	21	(12)	2	(0)
OCHA	57	(25)	1	(1)	0	(0)	2	(0)	23	(11)	27	(13)	5	(1)	5	(1)
ODA	1	(0)	1	(1)	0	(0)	0	(0)	0	(0)	2	(1)	0	(0)	0	(0)
OHCHR	17	(8)	0	(0)	0	(0)	0	(0)	6	(5)	5	(1)	6	(2)	0	(0)
OHRLLS	1	(1)	10	(0)	0	(0)	0	(0)	10	(0)	1	(1)	0	(0)	0	(0)
OICT	7	(2)	3	(1)	0	(0)	1	(0)	11	(3)	0	(0)	0	(0)	0	(0)
OLA	10	(1)	0	(0)	0	(0)	0	(0)	6	(0)	4	(1)	0	(0)	0	(0)
OOSA	4	(1)	0	(0)	0	(0)	0	(0)	0	(0)	4	(1)	0	(0)	0	(0)
OSAA	12	(1)	2	(1)	0	(0)	0	(0)	11	(1)	3	(1)	0	(0)	0	(0)
PBSO	17	(0)	0	(0)	0	(0)	0	(0)	17	(0)	0	(0)	0	(0)	0	(0)
UNAMA	24	(17)	0	(0)	0	(0)	0	(0)	10	(6)	4	(2)	8	(7)	2	(2)
UNAMI	14	(6)	6	(3)	7	(5)	0	(0)	12	(6)	6	(2)	9	(6)	0	(0)
UNAMID	25	(13)	3	(1)	0	(0)	0	(0)	28	(14)	0	(0)	0	(0)	0	(0)

Entity	All open recommendations								1 July 2008-30 June 2009		1 July 2007-30 June 2008		1 July 2006-30 June 2007		1 July 1999-30 June 2006	
	In progress		Not started		Declined		No response		< 1 year		Between 1-2 years		Between 2-3 years		> 3 years	
UNCCD	13	(2)	0	(0)	0	(0)	0	(0)	13	(2)	0	(0)	0	(0)	0	(0)
UN-CNMC	1	(1)	0	(0)	0	(0)	0	(0)	0	(0)	1	(1)	0	(0)	0	(0)
UNCTAD	20	(7)	0	(0)	0	(0)	0	(0)	16	(4)	2	(1)	0	(0)	2	(2)
UNDOF	1	(1)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)	1	(1)	0	(0)
UNECE	10	(7)	1	(0)	0	(0)	0	(0)	8	(4)	1	(1)	1	(1)	1	(1)
UNEP	42	(22)	11	(6)	0	(0)	0	(0)	15	(7)	10	(2)	10	(8)	18	(11)
UNFCCC	5	(5)	0	(0)	0	(0)	0	(0)	5	(5)	0	(0)	0	(0)	0	(0)
UNFICYP	1	(1)	0	(0)	0	(0)	0	(0)	0	(0)	1	(1)	0	(0)	0	(0)
UNFIP	6	(2)	0	(0)	0	(0)	0	(0)	6	(2)	0	(0)	0	(0)	0	(0)
UN-Habitat	14	(9)	0	(0)	0	(0)	0	(0)	8	(4)	6	(5)	0	(0)	0	(0)
UNHCR	192	(103)	32	(10)	4	(2)	0	(0)	125	(40)	48	(30)	41	(33)	14	(12)
UNIDIR	9	(6)	1	(1)	0	(0)	0	(0)	8	(6)	0	(0)	0	(0)	2	(1)
UNIFIL	4	(0)	0	(0)	0	(0)	0	(0)	4	(0)	0	(0)	0	(0)	0	(0)
UNIOSIL	1	(1)	0	(0)	0	(0)	0	(0)	1	(1)	0	(0)	0	(0)	0	(0)
UNJSPF	48	(5)	31	(3)	1	(0)	0	(0)	45	(2)	30	(5)	4	(1)	1	(0)
UNJSPF-IMS	7	(2)	2	(1)	0	(0)	0	(0)	0	(0)	6	(2)	1	(1)	2	(0)
UNMEE	9	(6)	2	(2)	0	(0)	0	(0)	10	(7)	0	(0)	1	(1)	0	(0)
UNMIK	8	(2)	1	(0)	0	(0)	6	(0)	4	(1)	3	(0)	1	(1)	7	(0)
UNMIL	34	(14)	0	(0)	0	(0)	0	(0)	23	(8)	1	(1)	7	(4)	3	(1)
UNMIS	35	(18)	3	(0)	0	(0)	2	(1)	16	(5)	17	(9)	7	(5)	0	(0)
UNMIT	3	(2)	0	(0)	1	(1)	0	(0)	3	(2)	1	(1)	0	(0)	0	(0)
UNOCI	33	(23)	12	(3)	6	(3)	0	(0)	42	(22)	9	(7)	0	(0)	0	(0)
UNODC	15	(9)	0	(0)	1	(1)	0	(0)	14	(9)	1	(1)	1	(0)	0	(0)
UNOG	29	(8)	0	(0)	0	(0)	1	(0)	4	(0)	23	(5)	0	(0)	3	(3)
UNON	26	(9)	1	(1)	0	(0)	0	(0)	16	(4)	6	(1)	1	(1)	4	(4)
UNOV	7	(1)	1	(1)	0	(0)	3	(0)	10	(1)	1	(1)	0	(0)	0	(0)
UNOWA	1	(1)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)	1	(1)
UNRISD	4	(3)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)	4	(3)
UNRWA	1	(0)	1	(1)	0	(0)	0	(0)	0	(0)	2	(1)	0	(0)	0	(0)
UNSCO	1	(1)	0	(0)	0	(0)	0	(0)	1	(1)	0	(0)	0	(0)	0	(0)
UNTSO	3	(0)	0	(0)	0	(0)	0	(0)	3	(0)	0	(0)	0	(0)	0	(0)
UNU	10	(6)	2	(1)	0	(0)	0	(0)	0	(0)	0	(0)	11	(7)	1	(0)

[a] Included are the recommendations issued as at 31 May 2009 and the status of their implementation as at 30 June 2009. The number of critical recommendations for each category is given in parentheses.

B. Recommendations of particular concern

5. In the present section, OIOS gives specific commentary on selected recommendations that are of particular concern to the Office. In these cases, management has either not accepted or failed to take swift and adequate action on OIOS recommendations.

6. In its review of the supply of rations to the United Nations Transitional Administration in East Timor/United Nations Mission of Support in East Timor (AP2005/682/06, issued in November 2005), OIOS recommended that the Procurement Division, in conjunction with the Office of Legal Affairs, take action to recover $7.9 million[2] in excess payments to a contractor. Subsequently, as part of its comprehensive management review of procurement by the Department of Peacekeeping Operations (AP2005/600/20, issued in January 2006), OIOS recommended that the Department address accountability for the $7.3 million overpayment for transportation costs. In June 2008, the Department requested that OIOS close the recommendation, stating that the aforementioned amount was the contractor's claim and, in fact, had not been paid. However, as indicated in the OIOS report, the amount had been paid to the contractor and OIOS has, as recently as 2009, again provided the payment details to the Office of Programme Planning, Budget and Accounts. In February 2009, the Department of Management informed OIOS that the Office of Legal Affairs had engaged an external counsel to carry out a review of the legal issues, including the entire relationship with the contractor. In the opinion of OIOS, the Department of Management and Office of Legal Affairs should have taken urgent action to recover the excess payments, considering the extent of the financial implications for the Organization. Delays in addressing the issue may result in further losses. The issue is currently under review by the Department of Management, Department of Field Support and Office of Legal Affairs.

7. In its audit of the United Nations Office for West Africa (UNOWA) and United Nations support to the Cameroon and Nigeria Mixed Commission (CNMC) (AP2007/560/02 and AP2007/560/03, issued in August 2007), OIOS recommended that the Department of Field Support retroactively approve cases of local procurement conducted with no delegation of authority and review whether UNOWA/CNMC should be granted the delegation of procurement authority at the appropriate level. The Department of Field Support stated that the delegation of procurement authority granted by the Department of Management restricted its sub-delegation of authority to directors of administration and chief administrative officers at field missions. As UNOWA/CNMC had no officers at that level, the issue had been referred to the Department of Management for action. Given the delayed action by the Department of Management, there is a risk that unauthorized personnel are performing procurement functions in the field, contrary to the Financial Regulations and Rules of the United Nations.

8. In its audit of security and safety at the Economic Commission for Africa (ECA) (AA2004/710/02, issued in March 2005), OIOS recommended that ECA set up a mechanism for background checks of candidates selected for security positions in order to ensure the reliability and credibility of ECA security officers. ECA

[2] The overpaid amount of $7.9 million consists of (a) $7.3 million for transportation costs, (b) $0.3 million for in-bulk charges and (c) $0.3 million for warehouse charges.

reported in January 2009 that it had decided not to use the host country services for background checks. While the issue is being addressed, OIOS remains concerned at the security risks posed by the slow pace of implementation of the appropriate measures. OIOS is of the opinion that ECA should liaise with the Department of Safety and Security to ascertain the level of background checks that are conducted for security positions at the various United Nations duty stations with a view to ensuring consistency of practice throughout the United Nations Secretariat.

9. In its audit of information and communications technology (ICT) management at the Economic Commission for Europe (ECE) (AE2005/720/01, issued in January 2006), OIOS recommended that a policy covering all aspects of security of information technology at ECE be developed. This includes periodic reviews of access rights and follow-up of issues of data confidentiality and data retention with the Information and Communications Technology Board at the United Nations Secretariat. OIOS is concerned that, more than three years after their issuance, the recommendations have not yet been fully implemented, thus posing security risks to ICT systems, data and equipment. ECE reported implementing security measures and assessing their systems and indicated that work on a security policy was in progress and would be finalized by September 2009.

10. In its audit of ICT management at the United Nations Conference on Trade and Development (UNCTAD) secretariat (AE2005/340/01, issued in September 2005), OIOS recommended that UNCTAD should, among other things develop a policy covering all aspects of security of information technology and periodically review access rights to ensure their alignment with the security policy. Without such a documented security policy, UNCTAD is exposed to security risks which could compromise the integrity and confidentiality of data. In addition, the lack of a policy that identifies users with the most powerful access rights to ICT systems and data, both within and outside UNCTAD, could raise the risk of unauthorized changes to or even the deletion of vital documents. The UNCTAD secretariat has informed OIOS that its Information and Communications Technology Committee and Deputy Secretary-General and the Information and Communication Technology Service at the United Nations Office at Geneva have finalized the UNCTAD information security policy, which is currently being edited prior to final approval by the Secretary-General of UNCTAD.

11. In the same audit, OIOS recommended that UNCTAD develop a business continuity plan. OIOS is concerned that, four years after the issuance of this recommendation, UNCTAD still has no formal plans which set out procedures to ensure that, in the event of a disaster affecting its computer facilities, UNCTAD will be able to mobilize alternate arrangements for processing data and continue to provide its core services efficiently while the facilities are being properly restored. UNCTAD indicated that all of its network-based data had been backed up offsite and that the target date for the business continuity plan (which would encompass the disaster recovery plan) is the end of 2009, in conjunction with the current business continuity planning exercise that UNCTAD is reported to be conducting with the Department of Management.

12. In its audit of the operations of the Office of the United Nations High Commissioner for Refugees (UNHCR) in Egypt (AR2001/131/02, issued July 2001), OIOS recommended that UNHCR review its policy on refugees in urban areas and provide clearer guidance and criteria for the continual payment of

financial assistance, including that to vulnerable, irregular movers. While UNHCR recently confirmed that finalized guidelines are to be expected in 2009, OIOS is concerned that, five years after their issuance, the recommendations have not yet been fully implemented. The Office emphasizes that without clear guidance and criteria, UNHCR risks incoherence in its policies and a perception of treating country offices unequally in respect of these matters.

13. In its audit of the status of project staff at UNHCR (AR2005/112/01, issued in June 2006), OIOS recommended that UNHCR continue its efforts to fully phase out project staff by discontinuing the employment of personnel under irregular service contracts as there is no legal basis or policy instrument at UNHCR to provide guidance and/or standards for hiring personnel under such arrangements. In response, following a review of legal agreements, UNHCR confirmed that non-staff personnel could be employed in all thematic areas of work, including protection, programme and finance, but could not manage and/or supervise UNHCR regular staff and that functions in the areas of protection, programme and finance could be carried out by personnel administered under additional workforce arrangements. Notwithstanding this explanation, OIOS recommends that UNHCR develop a comprehensive policy on such agreements, defining very specifically the thematic areas in which an additional workforce can be employed. The policy should also provide guidance to field managers on the assessment and management of risks associated with the use of non-UNHCR personnel. OIOS remains concerned that the existing approach to employing personnel may lead to legal complaints.

14. In its post-implementation review of the finance modules of the UNHCR Management System Renewal Project (MSRP) (AR2004/166/03, issued in April 2005), OIOS recommended that UNHCR develop certain key reports required to effectively manage its resources and monitor their use. Some of the key reports required are those that provide budget and expenditure data, from the implementation to accounts levels, of all programmes executed in a country operation, and comprehensive and reliable reports on the procurement undertaken by a business unit. Although UNHCR has informed OIOS that the development of standardized reports is under way, OIOS remains concerned that, four years after its issuance, the recommendation has not yet been fully implemented, thus limiting the ability of UNHCR to effectively manage and monitor its resources.

15. In its audit of the United Nations Research Institute for Social Development (UNRISD) (AE2004/384/01, issued in June 2005), OIOS recommended that the Director of UNRISD, in consultation with its Board and the Department of Economic and Social Affairs, seek a clear mandate for UNRISD and prepare a draft statute with clear objectives and arrangements, given that the Secretary-General's bulletin which establishes the arrangements for UNRISD (ST/SGB/126 and Amend.1) is in many respects no longer relevant. The bulletin as issued was to govern an activity envisaged for a short time and it provided for ad hoc arrangements that do not reflect the current status and activities of the Institute and the provisions relating to the Board.

16. In the same audit, OIOS also recommended that, as part of the establishment of the statute, the Director of UNRISD should review the composition, role and responsibilities of the Board and submit a proposal to the Secretary-General to ensure the accountability of UNRISD to its stakeholders and to clearly establish the role, responsibilities, accountability and term of office of the Director of the

Institute. UNRISD has sent the mandate to the Department of Economic and Social Affairs and awaits the approval and release of the proposed mandate for UNRISD as described above.

17. In its audit of security and safety management at the United Nations Office at Nairobi (AA2004/211/03, issued in October 2005), OIOS recommended that the Office request the Department of Safety and Security to provide guidance on (a) what assistance should be provided to United Nations staff members and their dependents, (b) how this assistance would be incorporated into safety and security duties and (c) what funding was available to support the assistance provided. While the United Nations Office at Nairobi awaits guidance from the Department of Safety and Security in regard to point (a), OIOS is concerned about the length of time it is taking to conclude this matter. Should a serious emergency relating to security and safety arise, the lack of clarity regarding assistance could slow that assistance and possibly endanger staff and their dependents, as well as have a negative impact on the reputation of the United Nations.

IV. Financial implications of recommendations of the Office of Internal Oversight Services

18. Table 2 provides a summary of OIOS recommendations with financial implications for cost avoidance, recovery of overpayments, efficiency gains and other improvements. The last two columns split totals into the following categories:

(a) Estimated value, which includes OIOS estimates of the financial implications arising from cost avoidance, recovery of overpayments, efficiency gains and/or other improvements;

(b) Recognized value, which comprises the actual amount and/or monetized efficiency gains recognized as a result of a recommendation.

19. It should be noted that while the estimated value column includes only financial implications related to recommendations issued during the present reporting period, the figures in the recognized value column may include financial implications related to recommendations issued in previous periods as such values are only recognized when recommendations are implemented satisfactorily.

20. During the reporting period, OIOS identified $48.8 million in estimated cost avoidance, recovery of overpayments, efficiency gains and/or other improvements. The financial implications of similar recommendations that were satisfactorily implemented during the period totalled $31.7 million.

Table 2

Financial implications of OIOS recommendations, 1 July 2008 to 30 June 2009

(United States dollars)

Entity	*Assignment number*	*Description of financial implications*	*Estimated value*	*Recognized value*
DFS	0160/05	Recovery of education grant payment		14 267
	0376/08	Fraudulent claim for moving expenses	7 990	
	0558/06	Recovery of fuel cost	70 000	

Entity	*Assignment number*	*Description of financial implications*	*Estimated value*	*Recognized value*
DFS/DM	AP2008/615/01	Recovery of excessive equipment costs, administrative fees and service charges by vendor	12 377 000	
		Revision of contract management services to UNAMID	6 200 000	
DM	PTF-R003/06	Recovery of financial losses		526 021
DM/OCSS	AH2008/513/03	Savings from rebates, use of online booking tool, post-fare auditing		2 582 000
ECA	0041/06	Recovery of education grant payment		59 402
ICTR	0671/06	Recovery of assignment grant and the residential security allowance		11 506
ICTY	AA2008/270/04	Improved vendor invoicing and recovery of over-invoiced amounts by vendor	10 000	10 000
		Savings from payments to vendor for court transcriptions		42 180
MONUC	AP2007/620/05	Reimbursement from a contractor for damages	56 128	
OCHA	AN2007/590/01	Collection from United Nations agencies for the sharing of common premises	1 358 596	1 173 714
		Recovery of outstanding amounts from defaulting organizations	294 000	
		Recovery of dues from the contractor relating to camp management fees	206 351	112 040
OLA	PTF-R008/08	Recovery of dependency benefits	147 599	
	PTF-R010/08	Recovery of fraudulent expenses	479 000	
UNAMI	AP2006/812/04	Reimbursement for outstanding charges		468 606
UNHCR	AR2006/112/03	Refund from an implementing partner for overstatement of project expenditures		18 870
	AR2006/121/04	Reimbursement of tax refunds received by some staff members for 2003 and 2004		438 383
	AR2006/131/05	Reimbursement from an implementing partner of unspent funds for transportation of refugees		157 000
	AR2007/110/01	Reimbursement from an implementing partner for damaged UNHCR vehicles		1 700
	AR2007/110/02	Recovery of unspent funds from an implementing partner		24 000
	AR2007/111/01	Recovery of overpaid special operational living allowance		3 600
		Recovery of overpaid daily subsistence allowance		856
	AR2007/113/01	Renegotiation of mobile phone service contract and reallocation of mobile phones to staff	18 000	18 000
	AR2007/113/03	Recovery of overpayment of daily subsistence allowance		9 500
		Recovery of overpayment of daily subsistence allowance		1 600
		Recovery of unauthorized travel expenditure		3 300

Entity	*Assignment number*	*Description of financial implications*	*Estimated value*	*Recognized value*
	AR2007/115/01	Recovery of overpaid daily subsistence allowance for medical evacuation travel cases	5 000	
	AR2007/121/02	Recovery of overpayment to a staff member for the use of a private vehicle for official purposes	2 000	830
		Reimbursement from the Government for value-added tax paid since 2001	1 000 000	
		Reimbursement from an implementing partner for the theft of a UNHCR vehicle and laptop	9 000	
	AR2008/121/01	Gradual phasing down of UNHCR funding	200 000	200 000
		Reimbursement of value-added tax	1 500	1 500
UNIFIL	AP2008/672/09	Reduction in mission requirements	24 900 000	24 900 000
UNJSPF-IMS	AS2006/801/01	Recovery of delinquent tax claims	1 300 000	500 000
UNMEE	AP2008/624/04	Retention/recovery of financial assessments recommended by Local Property Survey Board /Headquarters Property Survey Board	29 000	
UNOCI	AP2007/640/16	Recovery of overpayment to bidder	37 477	
UNOG	0609/08	Recovery of fraudulent education grant payment	65 910	
UNOMIG	AP2007/600/04	Reduction of air operations for a two-year period		454 000
Total			**48 774 551**	**31 732 875**

V. Reports issued during the reporting period

21. During the 12-month period from 1 July 2008 to 30 June 2009 OIOS issued 390 oversight reports to programme managers, 12 reports to the General Assembly and 59 closure reports. Table 3 indicates the subject of each report.

22. Pursuant to paragraph 1 (c) of General Assembly resolution 59/272, Member States have access to OIOS reports, upon request (the full titles of all OIOS reports are available at http://www.un.org/Depts/oios).

Table 3
Reports issued during the period from 1 July 2008 to 30 June 2009

A. Reports to the General Assembly

Symbol	*Date*	*Subject*
A/63/221	22 September 2008	In-depth evaluation of the Office of Human Resources Management: "Key objectives remain unachieved: the Office of Human Resources Management faces significant challenges"
A/63/266	11 August 2008	Comprehensive audit of the capital master plan
A/63/268	22 September 2008	Review of results-based management at the United Nations: "Results-based management at the United Nations has been an administrative chore of little value to accountability and decision-making"

Symbol	*Date*	*Subject*
A/63/379	26 September 2008	Comprehensive management audit of the Department of Safety and Security: "Governance and coordination issues need to be addressed as a priority to strengthen the Department of Safety and Security to effectively mitigate the security risks facing the United Nations"
A/63/668	2 January 2009	Audit of the use of extraordinary measures for the African Union-United Nations Hybrid Operations in Darfur: "The extraordinary measures were not effective in facilitating the deployment of the African Union-United Nations Hybrid Operation in Darfur and exposed the United Nations to high financial and reputation risks"
A/63/713	9 February 2009	Programme evaluation of the performance and the achievement of results by the United Nations Operation in Côte d'Ivoire: "Aspects of the Ouagadougou Agreement are impacting the mission's overall achievement of results, however, its presence remains critical to the peace process"
A/63/837	28 April 2009	Audit of the Secretariat's structure for managing and sustaining peacekeeping operations: "The Secretariat is yet to develop the necessary governance and accountability mechanisms to ensure effectiveness and accountability in peacekeeping operations"
A/64/63 and Corr.1	26 February 2009	Strengthening the role of evaluation and the application of evaluation findings on programme design, delivery and policy directives: "While evaluation is playing a positive role in improving performance, overall evaluation capacity of the Secretariat continues to be inadequate"
E/AC.51/2009/2	2 April 2009	Evaluation of United Nations support for the least developed countries, landlocked developing countries, small island developing States and Africa: "Misalignment between expectations, capacities and accountability arrangements hinders programmatic focus and attainment of results"
E/AC.51/2009/3	9 April 2009	Triennial review of the implementation of recommendations made by the Committee for Programme and Coordination at its forty-sixth session on the in-depth evaluation of political affairs
E/AC.51/2009/4	26 March 2009	Triennial review of the implementation of recommendations made by the Committee for Programme and Coordination at its forty-sixth session on the thematic evaluation of knowledge management networks in the pursuit of the goals of the United Nations Millennium Declaration
E/AC.51/2009/5	10 February 2009	Thematic evaluation of lessons learned: protocols and practices: "Learning lessons for improving organizational efficiency and effectiveness is weak"
E/AC.51/2009/6	9 April 2009	Thematic evaluation of United Nations coordinating bodies: "Coordinating bodies add value in aligning policies and sharing information, but are less effective in coordinating programme delivery and strengthening organizational performance"

B. Reports to programme managers[1]

Entity	*Assignment number*	*Subject*
DESA	0202/09	Investigation of a criminal conviction of a staff member assigned to United Nations Headquarters
	AN2008/540/01	Audit of the management of the Office of the Special Adviser on Gender Issues (OSAGI) and the Division for the Advancement of Women: "OSAGI and Division for the Advancement of Women's programme of work needs consolidation and overall review"
DFS	0003/07	Sexual exploitation and assault by peacekeepers deployed with MONUC (contingent report)
	0007/09, 0008/09, 0009/09, 0011/09, 0012/09, 0013/09, 0014/09, 0015/09, 0016/09, 0017/09, 0018/09, 0019/09, 0020/09, 0021/09 and 0023/09	Investigation of the fraudulent use of telephone PIN codes by personnel at UNMIS
	0032/07	Possession of illegal narcotics by a peacekeeper formerly at UNMIL (contingent report)
	0043/08	Sexual exploitation and abuse of a minor by a peacekeeper at UNOCI (contingent report)
	0072/08	Investigation of alleged sexual exploitation and abuse of minors by peacekeepers deployed with MONUC
	0089/08	Possible sexual assault by a peacekeeper deployed with the former UNMEE and the subsequent failure of the contingent commanders to report misconduct as required (contingent report)
	0106/09	Investigation of unauthorized use of a United Nations vehicle and possible sexual exploitation of minors by a staff member at MINUSTAH
	0109/07	Investigation of sexual abuse by peacekeepers deployed with MONUC
	0133/08	Fraudulent travel expense documents submitted by military officers deployed with UNMEE (contingent report)
	0147/08	Sexual abuse of a minor by a peacekeeper formerly deployed with UNMIL (contingent report)

[1] In pursuance of General Assembly resolution 59/272, the annual reports of OIOS contain titles and brief summaries of all reports issued by the Office during the reporting period, with subtitles added to audit reports since August 2008 and to all inspection and evaluation reports.

Entity	*Assignment number*	*Subject*
	0154/07	Investigation of sexual exploitation by staff members at UNOCI
	0160/05	Investigation of education grant fraud by a staff member at the United Nations Office at Nairobi
	0165/07	Investigation of gold trafficking and general misconduct by a former staff member at UNMIL
	0171/09	Sexual exploitation and abuse of minors by peacekeepers deployed with MONUC (contingent report)
	0181/08	Attempted sexual exploitation by peacekeepers deployed with MONUC (contingent report)
	0181/09	Investigation of failure by a senior staff member to report misconduct at the former UNMEE
	0189/06	Investigation of sexual harassment against a staff member at UNMIL
	0207/08	Sexual abuse of a minor by peacekeepers deployed with UNOCI (contingent report)
	0211/08	Investigation of conflict of interest of a staff member at UNMIK
	0227/08	Possible procurement irregularities at UNMIK (advisory report)
	0233/07	Investigation of sexual exploitation by two UNPOL officers formerly deployed with UNMIL
	0277/07	Investigation of alleged exploitation of natural resources by United Nations military observers in the Democratic Republic of the Congo
	0310/05 (BIS)	Alleged entitlement fraud at MONUC (advisory report)
	0359/07	Improper conduct by employees of a United Nations contractor at UNMIS (advisory report)
	0365/07	Investigation of claims of a staff member receiving free airline tickets at UNMIK
	0369/08	Investigation of threats issued by a former staff member at UNMIL
	0376/08	Investigation of a fraudulent moving expense claim submitted by a staff member at United Nations Headquarters

Entity	*Assignment number*	*Subject*
	0380/08	Investigation of the possession of counterfeit banknotes by a UNPOL officer deployed with UNOCI
	0382/08	Sexual exploitation and abuse of a minor by a peacekeeper deployed with MONUC (contingent report)
	0383/08	Sexual exploitation and abuse by peacekeepers deployed with MONUC (contingent report)
	0385/07 (BIS)	Sexual exploitation and abuse by peacekeepers at UNOCI (contingent report)
	0396/08	Lack of proactive measures to prevent sexual exploitation and abuse at MONUC (advisory report)
	0463/07	Investigation of misappropriation of funds by staff members at MONUC
	0468/07	Possible sexual exploitation of a minor by a peacekeeper formerly deployed with MONUC (contingent report)
	0469/07	Investigation of misconduct by a staff member at MONUC
	0481/06	Sexual exploitation and abuse by peacekeepers deployed with UNMIL (contingent report)
	0512/05	Investigation of sexual exploitation and abuse by a staff member at MONUC
	0512/05 (BIS)	Employment of casual daily workers at MONUC (advisory report)
	0528/07	Sexual exploitation implicating peacekeepers deployed with MONUC (contingent report)
	0558/06	Investigation of fuel fraud by staff members at UNOCI
	0578/06	Investigation of alleged sexual exploitation and abuse of a minor by a peacekeeper at UNMIS
	0629/07	Investigation of alleged irregularities in procurement exercises at UNMIK
	0630/07	Recruitment irregularities at UNMIK (advisory report)
	0634/06	Sexual abuse by a peacekeeper at MONUC (contingent report)
	0641/07	Investigation of sexual exploitation and physical assault by a peacekeeper at MONUC

Entity	*Assignment number*	*Subject*
	0647/06	Investigation of alleged rape of a minor by a United Nations Volunteer at MONUC
	0647/07	Investigation of misconduct involving smuggling of uncut diamonds by a former United Nations Volunteer deployed with MONUC
	0661/07	Investigation of alleged sexual exploitation and abuse of minor girls at MINUSTAH
	0700/06	Investigation of sexual exploitation and abuse of minors by peacekeepers at MONUC
	0710/06	Investigation of the abduction and assault of a minor by a national staff member at UNMIS
	0746/06	Fraudulent use of telephone PIN codes at UNMIS (advisory report)
	0779/06	Investigation of possible sexual exploitation of female staff by a staff member at UNMIS
	0868/06	Investigation of assault by a staff member at UNMIL
	0143/08	Sexual abuse by a peacekeeper at MONUC (contingent report)
	AP2007/600/08	Audit of the effectiveness of local committees on contracts at peacekeeping missions: "Improvements are needed to ensure the Local Committee on Contracts in peacekeeping missions comply more consistently with the provisions of the Procurement Manual"
	AP2008/615/02	Audit of the human resources management for peacekeeping operations: recruitment, placement and retention of staff: "Comprehensive human resources strategy is needed to meet the increasing staffing requirements and reduce the high vacancy rates in peacekeeping missions"
	AP2008/615/03 and AT2008/615/01	Risk assessment of the Department of Field Support
DFS/DPKO/DM	PTF-R007/08	Strategic fuel reserves at MONUC
DFS/UNLB	AT2007/610/02	Audit of the Galileo system at UNLB
DGACM	0001/09, 0002/09, 0259/08, 0291/08 and 0310/08	Investigation of misuse of information and communications technology resources by a staff member

Entity	*Assignment number*	*Subject*
	AT2008/550/01	Audit of information and communications technology governance and security at the Department for General Assembly and Conference Management: "Deviations from established procedures and methods, although pre-approved, limited the ability of DGACM to ensure effective monitoring of information and communications technology systems development within originally envisioned budgets and time frame"
DM	0005/08	Investigation of alleged forgery and misuse of United Nations documents, information, communications and technology resources by a staff member at United Nations Headquarters
	0052/09	Possible abuses in the management and dispensation of controlled substances in the United Nations Medical Services Division (advisory report)
	0064/09	Involvement of suspended vendor and former staff member in procurement irregularities at UNMIS (previously PTF Case No. 029/06) (advisory report)
	0176/08, 0237/08, 0240/08, 0242/08, 0246/08, 0251/08, 0255/08, 0261/08, 0262/08, 0266/08, 0267/08, 0268/08, 0271/08, 0272/08, 0274/08, 0288/08, 0303/08, 0304/08, 0306/08, 0309/08, 0316/08, 0321/08, 0322/08, 0325/08 and 0326/08	Investigation of misuse of information and communications technology resources by a staff member at United Nations Headquarters
	0211/08	Possible procurement irregularities by a vendor at UNMIK (advisory report)
	0277/08, 0313/08, 0314/08, 0317/08, 0318/08 and 0320/08	Investigation of misuse of information and communications technology resources by a staff member in the Department of Management
	0400/01	United Nations vendor (advisory report)
	AC2008/514/03	Audit of the value engineering process of the Capital Master Plan: "Value engineering has been applied effectively but may not prove sufficient to bring the Capital Master Plan back within budget"
	AC2008/514/04	Audit of the Capital Master Plan project budgeting and financial control: "Controls over payments have been effective but opportunities exist for improving management information"

Entity	*Assignment number*	*Subject*
	AC2008/514/06	Audit of security provisions applied to staff, site and assets during the execution of the Capital Master Plan: "Security and safety considerations are an integral part of the Capital Master Plan, however, further steps should be taken to improve the level of coordination between the Office of the Capital Master Plan, the Department of Safety and Security and host country authorities"
	AC2008/514/08	Audit of the provision of alternative offices, storage and other facilities during the execution of the Capital Master Plan
	AH2007/510/04	Risk assessment of the Department of Management
	IED-COM-08-002	Integrated Monitoring and Documentation Information System (IMDIS) compliance, Programme performance documentation status: key IMDIS records as at end-September 2008
	IED-COM-09-001	Programme performance documentation status: Key IMDIS records as at 15 January 2009
DM/DPI/ DSS/Ethics Office	AH2007/510/05	Audit of the gifts management system at United Nations Headquarters: "Management of gifts needs to be strengthened to prevent loss and mitigate reputational risk to the Organization"
DM/EOSG	AH2007/513/05	Audit of selected outsourced activities in the Information Technology Services Division (ITSD): "Control weaknesses in the procurement and management of certain outsourced activities in ITSD"
DM/OLA	PTF-R005/08	Investigation of a company
	PTF-R011/08	Air charter contracts and company agents (interim report)
DM/OLA/ UNIFEM/ UNDP	PTF-R009/08	Iraq project, a United Nations staff member and embezzlement and conversion of United Nations funds
DM-OCSS	AH2006/513/07	Audit of the information and communications technology strategic systems planning and governance structures at the United Nations Secretariat: "The current governance structure over information and communications technology operations is not adequate to ensure that strategic systems planning is carried out effectively and efficiently"
	AH2008/513/03	Audit of the contract between the United Nations and the American Express Travel Related Company Inc. (AMEX) for the provision of travel management services: "OIOS was unable to obtain assurance that the contract with AMEX was in the best interest of the United Nations because the procurement process lacked transparency and insufficient management controls rendered the contract's cost containment provisions ineffective"

Entity	*Assignment number*	*Subject*
DPI	AN2008/580/01	Audit of the role of the Department of Public Information in information dissemination through the Internet: "Strategic management and governance for the provision of web communications services needs strengthening"
	IED-09-001	Inspection of results-based management practices in the Department of Public Information: "Structural and procedural constraints limit the applicability of results-based management at the Department of Public Information"
	0263/08	Investigation of misuse of information and communications technology resources by a staff member at United Nations Headquarters
DPKO	AP2007/600/01	Audit of the management of United Nations police operations: "Development of a comprehensive doctrine will increase the effectiveness of United Nations police operations"
	AP2007/600/07	Horizontal audit of the procurement of core requirements in peacekeeping missions: "Improvements needed to ensure peacekeeping missions comply more consistently with key elements of the delegation of authority to purchase core requirements"
	AP2007/600/09	Audit of the administration of the Department of Peacekeeping Operations, the Department of Field Support and the Department of Political Affairs trust funds: "There are opportunities to improve guidance and reporting on trust fund administration"
	AP2008/600/02	Risk assessment of the Department of Peacekeeping Operations
DSS	0045/09, 0046/09, 0047/09 and 0531/07	Investigation of misrepresentations by a staff member at the United Nations Office at Nairobi
	0104/07	Investigation of abuse of authority by a staff member at UNMIS
	0236/08, 0238/08, 0241/08, 0244/08, 0250/08, 0252/08, 0256/08, 0302/08, 0341/08 and 0378/08	Investigation of misuse of information and communications technology resources by a staff member at United Nations Headquarters
ECA	0041/06	Investigation of irregular payment of education grant to a former staff member at ECA
	AA/2008/710/08	Audit of the use by ECA of funds from the Department for International Development of the Government of the United Kingdom of Great Britain and Northern Ireland: "Project management needs to be improved to ensure that projects are delivered in a timely manner and meet donor expectations"

Entity	*Assignment number*	*Subject*
	AA2008/710/01	Audit of the adequacy of administrative arrangements at the African Institute for Economic Development and Planning
	AA2008/710/05	Audit of the Initiative for Central Africa: natural resources and trade flows in the Great Lakes region funded by the Department for International Development: "Although the expenditures were incurred for their intended purpose and in accordance with United Nations Regulations and Rules, weak project management resulted in failure to ensure that the projects were delivered in a timely manner"
	AA2008/710/06	Audit of the Initiative for Central Africa: cross-border trade and investment in Central Africa, 2006-2009, funded by the Shell Foundation: "Although the expenditures were incurred for their intended purpose and in accordance with United Nations Regulations and Rules, weak project management resulted in failure to ensure that the projects were delivered in a timely manner"
	AA2008/710/07	Audit of the use by ECA of funds from the Netherlands Minister for Development Cooperation: "Project management needs to be improved to ensure efficiency and effectiveness of project delivery"
	AA2008/710/09	Audit of the use by ECA of funds from the Ministry of Foreign Affairs of Finland: "The financial control environment needs to be strengthened to facilitate timely completion of projects"
	AA2008/710/10	Audit of the use by ECA of funds from the German Agency for Technical Cooperation: "Project expenditures were not always covered by the memoranda of understanding"
ECA/DM/OLA	PTF-R008/08	Procurement operations at ECA and two ECA staff members
ECE	0846/06	Possible favouritism towards consultants at ECE (advisory report)
	AE2008/720/01	Audit of ECE strategic planning and monitoring: "The ECE secretariat complies with the United Nations normative framework for programme planning, budgeting and monitoring but is yet to sufficiently link this framework to the programmes of work of its sectoral committees"
EOSG	0503-08	Investigation of possible misconduct by a staff member at ESCWA
ESCWA	AA2007/750/01	Risk assessment of ESCWA
Ethics Office	AH2008/515/01	Risk assessment of the Ethics Office
ICTR	0042/08	Investigation of improper favour and benefit received from a United Nations vendor by a staff member at ICTR
	0042/08	Travel Unit at ICTR (advisory report)

Entity	*Assignment number*	*Subject*
	0085/06	Possible procurement irregularities at ICTR (advisory report)
	0183/07	Investigation of misrepresentation by a staff member at ICTR
	0485/05	Registered vendor at ICTR (advisory report)
	0617/08	Misrepresentation by a staff member at ICTR
	0671/06	Investigation of fraudulent assignment grant and residential security allowance claims by a staff member at ICTR
	AA2008/260/02	Audit of ICTR completion strategy: "Insufficient attention was given to monitoring the measures introduced for improving trial management and staff retention"
ICTY	AA2008/270/01	Audit of ICTY completion strategy: "While ICTY has effectively marshalled its resources to achieve the completion strategy, it is unlikely to meet the original target dates of 2008 and 2010 for completing trials and appeals, respectively, given the impact of external factors"
	AA2008/270/03	Audit of ICTY Victims and Witnesses Section: "Gaps in psychological support and counselling and post-testimony follow-up should be addressed to ensure the effectiveness of support provided to witnesses"
	AA2008/270/04	Audit of language services at ICTY: "Effectiveness of language services could be improved through better coordination and prioritization of resources and activities"
MINURCAT	AP2008/636/02	Audit of the recruitment of international staff at MINURCAT: "The vacancy rate remained high in spite of the deployment of a recruitment task force to expedite recruitment"
	AP2008/636/01	Risk assessment of MINURCAT
	AP2008/636/03	Audit of temporary duty assignments at MINURCAT: "Records did not adequately substantiate the suitability of staff on temporary duty assignments"
MINUSTAH	AP2008/683/01	Audit of financial management of projects at MINUSTAH: "Internal controls relating to financial management of projects at MINUSTAH were inadequate and ineffective, resulting in a high and unmitigated risk of executing agencies mismanaging project advances"
	AP2008/683/02	Audit of planning of logistical support for major activities at MINUSTAH: "The Mission's logistics support plan needs to be updated, taking into account critical activities mentioned in the relevant Security Council resolutions"
	AP2008/683/06	Audit of fuel management at MINUSTAH: "Urgent need to expedite the processing of long-term contracts for ground and aviation fuel, as well as strengthen controls over fuel management"

Entity	*Assignment number*	*Subject*
	AP2008/683/07	Audit of travel services at MINUSTAH: "No major weaknesses were found that compromised the overall system of internal control"
	AP2008/683/09	Risk assessment of MINUSTAH
MONUC	AP2007/620/03	Audit of contingent-owned equipment at MONUC: "Unsatisfactory management arrangements have prevented MONUC from adequately overseeing contingent-owned equipment activities"
	AP2007/620/05	Audit of transport operations at MONUC
	AP2007/620/06	Audit of the supply of food rations and combat ration packs at MONUC: "MONUC combat ration pack contractor has not maintained operational stocks in accordance with contract terms"
	AP2007/620/11	Audit of the United Nations police at MONUC: "Police operations were generally effective but opportunities for improvement exist"
	AP2007/620/15	Audit of the execution of the delegation of authority to MONUC to procure core requirements
	AP2008/620/01	Audit of the Conduct and Discipline Unit of MONUC: "Investigative capacity is insufficient to address the backlog of cases"
	AP2008/620/04	Audit of the management of national staff grievances at MONUC: "The procedures for recording and addressing national staff grievances are not adequate"
	AP2008/620/09	Risk assessment of MONUC
	AP2008/620/10	Audit of the maintenance of airfields at MONUC: "The inter-agency services agreement with the International Civil Aviation Organization was not effectively used to ensure that airfields conform to relevant quality standards"
	AP2008/620/11	Audit of rental of premises at MONUC: "Internal control weaknesses hampered the effective management of rental premises"
	AP2008/620/13	Audit of expendable inventory management: "Internal control deficiencies were noted in recording and managing information in the Galileo system and in the conduct of physical inventories"
	AT2008/620/01	Audit of information and communications technology governance, strategic management and security at MONUC: "Missing controls in the mechanisms in place for governance, strategic management, and security of information and communications technology put the system at risk of ineffectiveness"
OCHA	0609/08	Investigation of entitlement fraud
	AN2007/590/01	Audit of OCHA Sudan Country Office

Entity	*Assignment number*	*Subject*
	AN2008/590/01	Audit of the management of trust funds supporting OCHA: "Weaknesses in financial planning and cash flow management need to be immediately addressed"
	AN2008/590/05	Audit of the OCHA Juba Initiative Project in the Sudan: "Administrative and financial oversight over the project was weak due to inadequate internal controls"
	AN2009/590/01	Inter-agency risk assessment of Myanmar
OCHA/ OPPBA	AN2007/590/02	Audit of the OCHA Central Emergency Response Fund: "OCHA and OPPBA need to urgently address weaknesses in the financial management of Central Emergency Response Fund in order to strengthen internal controls"
OHCHR	AE2008/336/01	Audit of the OHCHR Regional Office for South-East Asia in Bangkok: "Strategic planning and results-based management need to be strengthened to install a human rights-based approach in South-East Asia"
	AE2008/336/02	Audit of the OHCHR Cambodia country office: "Planning and monitoring of the Water and Sanitation Project is critical to ensure its success"
OHRLLS/ OSAA	AN2008/860/01	Audits of OHRLLS and OSAA: "Need for review of the programmatic structures of OHRLLS and OSAA, and strengthening of programme and human resource management"
OICT	0053/08	Retention of records of the Information Technology Services Division (advisory report)
	0081/05	Preservation and archiving of information and communications technology data and resources (advisory report)
OSAA	AN2008/840/01	Audit of the Office of the Special Adviser on Africa (combined with AN2008/860/01): "Need for review of the programmatic structures of OHRLLS and OSAA, and strengthening of programme and human resource management"
PBSO	IED-08-06	Independent evaluation of the peacebuilding fund: "Fund fills clear niche and has seen early results but must become speedier, more efficient and more strategic to fulfil its vision"
UNAMA	AP2007/630/03	Audit of transport activities at UNAMA
	AP2007/630/04	Audit of construction and use of staff accommodation at UNAMA: "Significant improvements needed in the management of the construction and use of staff accommodation"
	AP2007/630/06	Audit of the Local Committee on Contracts at UNAMA

Entity	*Assignment number*	*Subject*
	AP2008/630/01	Audit of the execution of the delegation of authority to UNAMA to procure core requirements
	AP2008/630/02	Audit of cash management at UNAMA: "Internal controls were not adequate, resulting in risk of errors"
	AP2008/630/03	Audit of procurement management at UNAMA: "Non-compliance with the Procurement Manual resulted in deficiencies in the procurement process"
	AP2008/630/04	Audit of the medical insurance plan at UNAMA: "Internal controls over the administration of the medical insurance plan were inadequate"
	AP2008/630/05	Risk assessment of UNAMA
UNAMI	AP2007/812/07	Audit of the Local Committee on Contracts at UNAMI: "Operational improvements, including better tracking of recommendations, are needed to ensure that the Committee is a more effective procurement control"
	AP2008/812/05	Audit of recruitment at UNAMI: "A 50 per cent vacancy rate has had significant impact on UNAMI operations"
	AP2008/812/06	Audit of procurement at UNAMI: "Deficiencies in internal controls has resulted in ineffective procurement"
UNAMID	AP2008/634/01	Risk assessment of UNAMID
	AP2008/634/02	Audit of safety and security operations at UNAMID: "Security precautions and preparations at UNAMID are not commensurate with the risks associated with a mission that is operating under security phase IV"
UNCC	AE2008/820/01	Audit of claim payments of UNCC: "Award payments were correctly determined and records of claim payments were adequately kept"
UNCCD	AA2008/242/01	Audit of financial management at UNCCD: "Urgent action is needed to ensure sustainable funding for the UNCCD secretariat"
UNCTAD	AE2007/341/01	Audit of the Automated System for Customs Data (ASYCUDA) programme of UNCTAD: "Mismanagement and weak internal controls do not provide reasonable assurance that programme objectives were achieved in full compliance with applicable regulations and rules"
	0094/09	Investigation of issuance of fraudulent documents to officials of Member States by a staff member at UNCTAD, Geneva
UNCTAD/ DM/UNOG	PTF-R006/08	ASYCUDA programme of UNCTAD
UNDP/DFS	0084/08	Investigation of entitlement fraud by a United Nations Volunteer at UNMIK and UNMIS

Entity	*Assignment number*	*Subject*
	0105/09	Investigation of sexual exploitation and abuse by a United Nations Volunteer at MINUSTAH
UNEP	AA2008/220/01	Audit of financial performance of the UNEP Mediterranean Action Plan: "A funding strategy needs to be developed to ensure that the Mediterranean Action Plan delivers on its programme of work"
	IED-09-002	Evaluation of implementation by the secretariat of the Environmental Management Group of the Secretary-General's commitment to move the United Nations towards climate-neutrality: "Climate neutrality cannot be reconciled with inaction on travel, the largest source of United Nations emissions"
UNFCCC	AA2008/241/01	Audit of the adequacy of arrangements for the implementation of the clean development mechanism by UNFCCC: "Governance measures were not adequate to mitigate reputational and other risks"
UNFIP	AN2008/522/01	Audit of the management of UNFIP: "Role of UNFIP in partnerships needs to be determined within a comprehensive framework that should guide, monitor and oversee the partnerships undertaken by the United Nations"
UN-Habitat	AA2007/250/01	Audit of UN-Habitat financial management
UNHCR	AP2008/131/02	Audit of UNHCR operation for Iraqi refugees in the Syrian Arab Republic: "Challenges in recruiting and retaining qualified staff posed significant risks to the operation"
	AR2007/112/02	Audit of UNHCR operations in Kenya: "Delay in appointing the Regional Representative combined with the heavy influx of refugees led to inadequate oversight of the programme, resulting in serious weaknesses and shortcomings"
	AR2007/113/03	Audit of UNHCR operations in South Africa
	AR2007/115/01	Audit of UNHCR operations in Khartoum and Eastern Sudan: "Significant weaknesses in internal control and relationships with implementing partners limited effective programme delivery"
	AR2007/115/02	Audit of UNHCR operations in Southern Sudan: "UNHCR needs to establish systematic monitoring of operating costs and take urgent steps to address the stockpiling of non-food items"
	AR2007/121/02	Audit of UNHCR operations in the Russian Federation
	AR2007/131/03	Audit of UNHCR operations in Iraq (Amman Office): "Weak internal controls over programme management require immediate corrective action"
	AR2007/141/02	Audit of UNHCR Liaison Office in Manila: "Embezzlement of UNHCR funds remained undetected for a long period due to weaknesses in internal control"

Entity	*Assignment number*	*Subject*
	AR2007/160/07	Risk assessment of UNHCR
	AR2007/161/03	Audit of UNHCR Headquarters Asset Management Board: "The overall governance and functioning of the Headquarters Asset Management Board is adversely affected by imbalances in its composition and the lack of capacity for monitoring and policy development"
	AR2008/110/04	Audit of UNHCR recruitment process for national staff in the Democratic Republic of the Congo: "Inadequate monitoring of recruitment actions resulted in unnecessary delays of more than one year in filling key posts"
	AR2008/112/02	Audit of UNHCR operations in Uganda: "While the 'cluster approach' generally achieved its objectives, there are lessons to be learned to improve its effectiveness in the future"
	AR2008/112/03	Audit of UNHCR operations in the United Republic of Tanzania: "Gaps in long-term fleet planning for the repatriation of refugees, as well as lack of proper coordination between the field and headquarters on redeployment of used vehicles, resulted in unnecessary spending of $1 million for rental of buses and trucks"
	AR2008/113/01	Audit of UNHCR operations in Malawi: "Immediate attention is needed in programme management owing to weak financial monitoring of projects and inadequate internal controls at implementing partners"
	AR2008/115/02	Audit of UNHCR procurement activities in Khartoum and Eastern Sudan: "Weak risk management and internal controls affected the efficiency of procurement functions in the UNHCR Representation Office, Khartoum"
	AR/2008/121/01	Audit of UNHCR operations in Romania: "UNHCR should learn lessons from the Uzbek operation and ensure that they are not repeated during the upcoming project to establish an evacuation transit centre in Timisoara"
	AR2008/131/07	Audit of UNHCR operations in Southern Iraq
	AR2008/131/09	Audit of UNHCR repatriation programme in Mauritania: "UNHCR needs to investigate the failure by the representation in Mauritania to ensure that a competent implementing partner was selected and to monitor its activities"
	AR2008/147/01	Audit of UNHCR operations in Thailand: "Corrective action is required to address the weaknesses in internal control over procurement and asset management"
	AR2008/162/02	Audit of UNHCR human resources (PeopleSoft) module: "Procedures and controls over input, processing and output of data and information need to be strengthened to ensure the quality and reliability of management information produced by the human resources management system"

Entity	*Assignment number*	*Subject*
	AR2008/166/01	Audit of UNHCR information technology security relating to PeopleSoft applications: "UNHCR is yet to establish a comprehensive information security policy"
UNIDIR	AN2007/385/01	Audit of UNIDIR: "The Institute has taken critical steps to improve its financial situation and streamline its programme of work, but it needs to strengthen its governance mechanisms and improve compliance with United Nations Regulations and Rules"
UNIFIL	AP2007/672/04	Audit of the Local Committee on Contracts at UNIFIL
	AP2008/672/01	Audit of UNIFIL air operations: "Lack of formalization and implementation of policies in the areas of air operations could impede economical use by UNIFIL of air assets and air safety"
	AP2008/672/02	Audit of the recruitment of national staff at UNIFIL: "Internal controls over the recruitment and promotion of national staff were not adequate"
	AP2008/672/05	Audit of ground transport at UNIFIL: "Inadequate mechanisms in determining the vehicle fleet levels of spare parts for operational requirements"
	AP2008/672/06	Audit of fuel management at UNIFIL: "The mission lacks effective internal control mechanisms over the management of fuel"
	AP2008/672/09	Audit of UNIFIL marine operations: "Procedures and performance standards for United Nations maritime operations are not yet fully developed"
UNIOSIL	AP2008/622/01	Audit of the liquidation of UNIOSIL: "UNIOSIL liquidation planning was not fully effective to ensure a smooth transition to the follow-on mission in Sierra Leone and operational internal controls needed improvement"
UNJSPF	AS2008/800/01	Audit of the efficiency, effectiveness and quality of services provided to beneficiaries by UNJSPF: "The overall high quality of service provided to beneficiaries by UNJSPF could be further enhanced through increased accountability for the benefit payment process, effective communication, efficient use of staff resource capacity and increased automation of processes"
	AS2008/800/04	Audit of the UNJSPF two-track system: "The administration of the two-track features of the pension adjustment system generally complied with established policies and objectives but could be further enhanced through streamlined and automated processes, clearly documented procedures and the establishment of clear criteria and benchmarks"
	AS2009/800/01	2009 comprehensive risk assessment of UNJSPF
	AT2008/800/01	Audit of PENSYS and document imaging system: "Additional controls are needed to increase efficiency and security of the pension administration system"

Entity	*Assignment number*	*Subject*
UNMEE	AP2008/624/04	Audit of property management at UNMEE: "Prudent asset management and accurate information in inventory control are essential to effective liquidation"
	AP2008/624/05	Comprehensive audit of UNMEE liquidation activities: "The Mission's liquidation activities were not organized in a manner that would maximize output"
	AP2008/624/06	Audit of UNMEE liquidation planning and progress: "UNMEE liquidation plan was not finalized and there were no clear timelines for the completion of the established liquidation tasks"
UNMIK	AP2007/650/11	Audit of the execution of the delegation of authority to UNMIK to procure core requirements
	AP2008/650/01	Audit of trust fund support to UNMIK: "There were opportunities for further improvements, particularly in the implementation of delegation of authority, planning, monitoring and reporting of trust fund activities"
UNMIL	AP2007/626/04	Audit of patrolling by United Nations military observers at UNMIL: "Logistical support for UNMIL military observers needs improvement"
	AP2007/626/06	Audit of the supply and management of food rations at UNMIL: "UNMIL needs to strengthen cold chain management and ensure hygienic storage of rations"
	AP2007/626/13	Audit of expendable inventory management at UNMIL: "Internal controls over expendable inventory were inadequate"
	AP2007/626/17	Audit of the United Nations police at UNMIL: "Police components did not always fully comply with post-arrival requirements and tests"
	AP2008/626/01	Audit of the Conduct and Discipline Unit at UNMIL: "Focus on preventative measures may improve the state of discipline in UNMIL"
	AP2008/626/08	Audit of the provision of medical services at UNMIL: "Poor governance impacted compliance with internationally accepted medical facility operating procedures"
UNMIS	AP2007/632/03	Audit of entitlements and allowances of military personnel at UNMIS
	AP2007/632/13	Audit of security management at UNMIS: "UNMIS did not consistently implement critical security policies and guidelines"
	AP2008/632/01	Audit of the implementation of quick-impact projects at UNMIS: "Improvements in monitoring and evaluating quick-impact projects needed to ensure timely completion"
	AP2008/632/03	Audit of the management of vacancy rates at UNMIS: "Delays in the recruitment process and high staff turnover contributed to the high vacancy rates in UNMIS"

Entity	*Assignment number*	*Subject*
	AP2008/632/05	Risk assessment of UNMIS
	AP2008/632/07	Audit of local procurement management at UNMIS: "Controls over acquisition planning and requisitioning process need improvement to ensure more economical procurement"
	AP2008/632/11	Audit of the provision of medical services at UNMIS: "UNMIS medical support structure needs to be adjusted for a more optimal and cost-effective use of medical resources, which could result in savings to the Organization of approximately $7 million"
	AP2008/632/12	Audit of ground fleet management at UNMIS: "Lack of management capacity has impacted the work of the Transport Section"
	AP2008/632/13	Audit of the management of waste disposal and environmental protection activities at UNMIS: "UNMIS had been generally disposing of waste in accordance with prescribed procedures, but some improvements are needed"
	AP2008/632/14	Audit of the use of United Nations Volunteers at UNMIS: "The United Nations Volunteers programme had not been evaluated to determine its effectiveness in supporting peacekeeping operations"
UNMIT	AP2008/682/01	Audit of financial management at UNMIT: "Internal controls are generally adequate but improvements needed receivables, direct purchasing and contingency planning"
	AP2008/682/02	Audit of the budget process at UNMIT: "There are opportunities to develop indicators of achievement and outputs that are measurable and attainable"
	AP2008/682/03	Audit of aviation fuel at UNMIT
	AP2008/682/04	Audit of recruitment at UNMIT: "Tiger Team was not fully effective in expediting recruitment"
	AP2008/682/05	Audit of the management of the serious crimes investigation programme at UNMIT: "Delays in commencement of investigative work has resulted in a backlog of cases"
UNOCI	AP2007/640/14	Audit of the agreement under which UNOCI would transfer United Nations equipment to Radio Television Ivoirienne: "UNOCI commitment to transfer United Nations-owned equipment to Radio Television Ivoirienne in exchange for using an FM radio frequency did not comply with United Nations financial rules"
	AP2007/640/15	Audit of the execution of delegation of authority to UNOCI to procure core requirements: "Deficiencies in the procurement process and the execution of delegation of authority to procure core requirements"

Entity	*Assignment number*	*Subject*
	AP2007/640/16	Audit of the Local Committee on Contracts at UNOCI: "UNOCI Local Committee on Contracts procedures and case presentation by Procurement Section needed to be strengthened for the Committee to serve as an effective internal control over procurement"
	AP2008/640/01	Audit of selected areas of financial management at UNOCI: "Internal controls were generally operating satisfactorily but access to the electronic payment system could be strengthened"
	AP2008/640/02	Audit of the administration of disbursements at UNOCI: "Internal controls over payments of staff entitlements for official travel were weak"
	AP2008/640/06	Audit of the management of public information programmes: "Inadequate compliance with the operational policy of the Department of Public Information in management of public information programmes"
UNODC	AE2007/365/03	Audit of UNODC Myanmar Country Office: "The achievement of UNODC strategic objectives was impeded by inadequate programme and project management"
	AE2008/361/01	Audit of the HIV/AIDS programme of UNODC: "The mandate and structure of the HIV/AIDS programme in UNODC needs to be reviewed to improve the efficiency and effectiveness of programme delivery"
	AE2008/365/01	Audit of procurement management at the United Nations Office at Vienna and the United Nations Office on Drugs and Crime: "Weaknesses in procurement management led to inefficiencies, contract delays and additional costs"
	AE2008/366/01	Audit of UNODC Regional Office for Russia and Belarus: "Weaknesses in project planning, monitoring and reporting have resulted in a low rate of project implementation"
UNOG	0346/07	Procurement of digital printing equipment at the United Nations Office at Geneva (advisory report)
	AE2008/311/01	Audit of the payment process at the United Nations Office at Geneva: "While certification and approval of payments were generally effective, monitoring of compliance with United Nations Financial Regulations and Rules could be strengthened"
UNON	0112/08	Investigation of suspected misconduct by a staff member at UN-Habitat
	0712/07	Investigation of conflict of interest and misrepresentations to the Organization by a staff member at the United Nations Office at Nairobi
	AA2007/211/03	Audit of security operations at the United Nations Office at Nairobi: "Weaknesses in current administrative and coordination arrangements hamper the effectiveness of security and safety operations"

Entity	*Assignment number*	*Subject*
UNOPS/OLA	PTF-R010/08	Report on UNOPS Afghanistan and former United Nations staff member (part I of III)
UNOV	0053/08	Information Technology Service emergency database at the United Nations Office at Vienna (advisory report)
UNOV/ UNODC	AE2007/361/01	Audit of UNODC Programme and Financial Information Management Systen (ProFi): "Additional steps are needed to ensure segregation of duties, clarity i the roles of data owners, and confidentiality and integrity of data and application systems"
UNSCO	AP2007/678/01	Audit of UNSCO support services
UNTSO	AP2007/674/02	Audit of human resources management at UNTSO: "Provision of support by other regional peacekeeping missions for UNTSO military observers could result in significant cost savings"
	AP2008/674/01	Audit of safety and security at UNTSO: "Safety and security measures were generally in place at UNTSO"
UNVFVT	IED-08-004	Follow-up to OIOS evaluation of the United Nations victims of torture

C. Closure reports

Entity	*Assignment number*	*Subject*
DFS	0065/05	Possible involvement of staff members in sexual activities at MONUC
	0112/09	Possible misconduct by a staff member of UNMIT
	0184/09	Possible misconduct by a staff member at the former UNMEE
	0211/07	Sexual exploitation implicating a United Nations Volunteer at MONUC
	0227/08	Possible procurement irregularities at UNMIK
	0334/07	Investigations of alleged torture and mistreatment of detainees by peacekeepers at MONUC
	0406/06	Alleged sexual exploitation and abuse against an international staff member a UNMIL
	0453/08	Possible misuse of United Nations resources by a staff member at UNTSO
	0484/08	Alleged sexual exploitation and abuse by a staff member at UNMIL
	0795/06	Possible misconduct by a former staff member at UNOCI
	0918/06	Sexual exploitation by a staff member at the former United Nations Operation in Burundi and complaint against a staff member

Entity	*Assignment number*	*Subject*
DM	0052/09	Possible abuses in the management and dispensation of controlled substances in the United Nations Medical Services Division
	0195/08	Possible leakage of confidential information concerning an interview for a senior position with the United Nations
OCHA	0583/07	Project management irregularities in the Côte d'Ivoire field office of OCHA
OIOS	0007/08	Integrity issues relating to a UNODC personal services contract
	0018/08	Possible misconduct by a staff member at the United Nations Office at Vienna
	0039/07	Reported misconduct by four United Nations staff members deployed with UNMIS
	0057/08	Theft of rations from UNIFIL
	0079/07	Possible misconduct by a staff member deployed with MINUSTAH
	0144/06	Improper conduct by a United Nations police officer at UNMIL
	0149/08	Alleged sexual exploitation by a staff member deployed with UNOCI
	0153/07	Illegal disposal of assets belonging to a concerned company
	0171/08	Illegal possession of weapons and blank ammunition at UNIFIL
	0179/09	Possible misconduct by United Nations staff members
	0226/08	Sexual exploitation and abuse by a United Nations Volunteer attached to UNMIN
	0301/08	Possible misconduct by a staff member of the Department of Safety and Security at United Nations Headquarters
	0310/05	Alleged entitlement fraud at MONUC
	0319/07	Reported misuse of information and communications technology resources at UNDOF
	0324/08	Possible misconduct by a staff member in the Department of Management
	0355/07	Complaint of corruption implicating a staff member at UNMIK
	0357/08	Possible misconduct by a staff member at UNAMI
	0370/08	Sexual exploitation and abuse against a staff member at UNMIL
	0379/08	Possible sexual misconduct complaint against a staff member
	0381/08	Sexual exploitation and abuse against a United Nations police officer assigned to UNOCI
	0382/07	Information concerning a drug case investigated by national criminal justice agencies of a Member State

Entity	*Assignment number*	*Subject*
	0394/08	Possible misconduct at UNMIK
	0402/08	Claimed misconduct against Financial Investigation Unit officers and International prosecutors and judges in Kosovo
	0405/08	Possible presumptive fraud related to medical insurance plan hardship claims by a staff member at ECA
	0423/08	Possible theft of personal property at UNMIT
	0445/08	Possible misconduct by staff members at UNMIN
	0473/06	Sexual exploitation by a former staff member at MONUC
	0502/08	Theft of rations at UNFICYP
	0507/08	Abuse of authority, harassment, threats, intimidation and discrimination against a staff member at UNIFIL
	0527/07	Failure to make full disclosure on United Nations personal history profile for prospective United Nations employment
	0536/07	Abuse of authority, misuse of funds and failure to respond to misconduct implicating a former staff member of UNIIIC
	0550/08	Possible irregularities by staff members at United Nations Headquarters
	0660/07	Potential fraud at UNAMI concerning satellite telephone lines
	0669/07	Sexual abuse claim against an United Nations police officer and an United Nations Military Observer officer formerly deployed with UNMIS
	0673/07	Sexual exploitation of a former staff member at UNMIK
	0676/07	Possible recruitment irregularities at UNIFIL
	0681/07	Possible misconduct by a United Nations police officer at UNMIT
	0703/07	Possible entitlement fraud by a staff member at UNIFIL
	0734/06	Possible attempted murder and sexual exploitation by a member of the formed police units formerly deployed with MONUC
	0799/06	Alleged harassment of a staff member at the United Nations Office at Nairobi
UNEP	0713/07	Possible mismanagement of cash funds at UNEP
UNIFIL	0426/08	Possible misconduct by a staff member at UNIFIL
UNMIS	0888/06	Possible misconduct by a former staff member at UNMIS
UNOV	0010/08	Alleged procurement irregularities at the United Nations Office at Vienna regarding the project for redesign of Gate 1 of the Vienna International Centre
	0053/08	Possible misconduct concerning the Information Technology Service at the United Nations Office at Vienna

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Report on the activities of the Office of Internal Oversight Services

Report on the activities of the Office of Internal Oversight Services for the period from 1 July 2008 to 30 June 2009

Note by the Secretary-General

Pursuant to General Assembly resolution 59/272, the Secretary-General has the honour to transmit for the consideration of the Assembly his comments on part one of the report of the Office of Internal Oversight Services (OIOS) on its activities for the period from 1 July 2008 to 30 June 2009 and the addendum thereto (A/64/326 (Part I) and Add.1).

* A/64/150 and Corr.1.

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Summary

The report of the Office of Internal Oversight Services covers its activities from 1 July 2008 to 30 June 2009. In the present note, the Secretary-General provides comments on a number of issues which he considers require clarification.

I. Introduction

1. The report on the activities of the Office of Internal Oversight Services (OIOS) for the period from 1 July 2008 to 30 June 2009 and the related addendum are welcome (A/64/326 (Part I) and Add.1). While every effort is being made to ensure the full implementation of the recommendations contained in the report, clarifications on a number of specific issues are provided below for the information of Member States.

II. Comments on specific paragraphs of the report on the activities of the Office of Internal Oversight Services for the period from 1 July 2008 to 30 June 2009

Strategic risk (para. 35)

2. With regard to the summary in paragraph 35 of the OIOS annual report on the review of results-based management at the United Nations (A/63/268), it should be noted that there is an existing process of (a) determining the strategic direction and objectives of the Organization for each biennium, based on the mandates approved by the General Assembly and/or the Security Council and (b) determining the budgetary requirements for the same biennium by linking resource requirements with the objectives approved by the Assembly in the previous year.

3. Furthermore, the proposed programme budget fascicles make clear reference to the strategic framework approved by the General Assembly based on the review and recommendation of the Committee on Programme Coordination. Functional commissions also review the strategic framework and programmatic aspects. The review by functional commissions is reflected in the strategic framework, time permitting, or the comments of the functional commissions are brought directly to the attention of the Committee on Programme Coordination or the Assembly, depending on the timing of the review. Strategic debates do take place within both the Committee and the Assembly. The sentence that reads, "By focusing mainly on the scrutiny of posts and other inputs, the budget process does not make clear reference to strategic priorities", without referencing the several stages of the budget review process, is taken out of context from the report. The analysis of budgetary requirements is based on the objectives that have been approved by the Assembly to be implemented in line with the approved mandates. Any new requirements for posts and non-posts are analysed taking full account of the strategic framework.

Compliance risk (para. 49)

4. In paragraph 49, OIOS stated that "The Department [of Management] also rejected the recommendation of OIOS that a determination be made on accountability for non-compliance with the Financial Regulations and Rules of the United Nations, stating that the source selection plan for the procurement exercise was only introduced in 2007, and was not, therefore, applicable to the selection process of American Express in 2004. OIOS noted, however, that the source selection plan was in effect in 2004, as set out in section 11.2 of the 2004 Procurement Manual, and reiterated its recommendation to determine accountability for the lapses".

5. The Secretariat wishes to note that the source selection plan, which serves as a guideline, is part of the Procurement Manual, not the Financial Regulations and Rules of the United Nations, and thus should not be linked to non-compliance with financial regulations.

6. Although the lowest-cost vendor was not selected, based on the combined technical and financial scores, the selection of the successful vendor was in the best interest of the United Nations. Best value for money does not necessarily mean the lowest cost. At no point has OIOS illustrated non-compliance with the principles of fairness, integrity, transparency and effective international competition mandated in financial regulation 5.12. Furthermore, the technical evaluation was conducted by an independent consultant.

7. In addition, the evaluation for travel management services was conducted by an independent consultant, who was selected prior to the promulgation of the 2004 United Nations Procurement Manual. The technical evaluation, which resulted in the selection of the consultant, was completed on 19 December 2003. The evaluation process, which guided the technical evaluation, was in fact performed in accordance with the provisions of the 1998 Procurement Manual. The procedures and guidelines for, inter alia, the establishment of the technical evaluation committee and the use of minimum requirements, weighting ratios and cut-off points, cited were not issued until January 2004 in the 2004 Procurement Manual. Since these provisions were not in force during the evaluation process, they could not have been applied to the evaluation of the request for proposals.

8. Management has confirmed that the entire procurement processes for the consultant company and the travel management services were conducted in compliance with the relevant regulations and guidelines. The report attempts to indicate that a break in procedures occurred. A potential breach in procedures and guidelines does not constitute non-compliance with financial regulations.

9. The last statement in paragraph 50 is a patent mischaracterization of the position of the Department of Management. At no time has the Department agreed to determine accountability for the perceived lapses discussed in that paragraph. However, in order to safeguard the interests of the United Nations, the Travel and Transportation Section has significantly strengthened contract management by monitoring the performance of American Express and the provisions of the contract. More specifically, American Express is notified in writing of any questions pertaining to its monthly invoices and its written response must be received before the invoice is certified. Also, in addition to verbal discussions on the annual budget review and approval at the periodic review meeting, the Travel and Transportation Section has formally communicated in writing with American Express for 2009 budget review and approval processes. The Section has created a recordkeeping system to support the enhancement of contract management.

Human resource risk (para. 76)

10. In paragraph 76 of its annual report, OIOS referred to its "in-depth evaluation of the Office of Human Resources Management (A/63/221)", in which it noted a significant lack of sufficient monitoring of the human resources authority delegated to other departments throughout the Secretariat, owing to the limited capacity dedicated to monitoring functions in the Office of Human Resources Management. At the time of the in-depth evaluation, the Planning, Monitoring and Reporting

Section had one post dedicated to monitoring. Based on the OIOS recommendation that "additional resources should be utilized to perform monitoring functions" (A/63/221, para. 84), the Office of Human Resources Management is currently in the process of filling two additional positions dedicated to monitoring, which were approved under the 2009-2010 support account budget. Assigning these additional resources to monitoring will enhance the capacity of the Office of Human Resources Management to enable regular and ongoing monitoring of how this authority is exercised, including further development of a framework and procedures for various forms of monitoring where monitoring missions constitute only a part of the monitoring work done by the Office.

III. Comments on the addendum to the report on the activities of the Office of Internal Oversight Services for the period from 1 July 2008 to 30 June 2009

Section B: Recommendations of particular concern (para. 6)

11. In section B of the addendum to the annual report (A/64/326 (Part I)/Add.1), OIOS provided specific commentary on selected recommendations that are of particular concern to it. In paragraph 6 of section B, OIOS refers to an audit of the supply of rations to the United Nations Transitional Administration in East Timor/United Nations Mission of Support in East Timor (AP2005/682/06, issued in November 2005). In its report, OIOS recommended that the Procurement Division, in conjunction with the Office of Legal Affairs, take action to recover $7.9 million in excess payments to a contractor, including $7.3 million for transportation costs. OIOS concludes that the Department of Management and the Office of Legal Affairs should have taken urgent action to recover the excess payments and that delays addressing the issue may result in further losses.

12. The Secretariat does not concur with the conclusion that "the Department of Management and the Office of Legal Affairs should have taken urgent action to recover the excess payments". The General Assembly should not be left with the impression that no action was taken in respect of this matter. Upon receipt of the above-mentioned audit report (AP2005/682/06), the Secretariat took immediate action to review the report, including the recommendation for recovery against the contractor concerned. On 21 April 2006, the Office of Legal Affairs provided to the Procurement Division of the Department of Management and to OIOS a detailed legal analysis of the contract in question, including of the OIOS recommendation that overpayments totalling $7.9 million should be recovered. In addition, the Secretariat does not agree with the statement that "delays in addressing the issue may result in further losses" since, as this matter was addressed immediately, it is unclear what would constitute further losses.

13. In its legal analysis, the Office of Legal Affairs noted that there were ambiguities in the pricing mechanism in the contract, which could explain the differing interpretations of OIOS and the contractor on sums due under the contract. Such ambiguities would make recovery very difficult. The Office of Legal Affairs also noted that the contractor had earlier submitted related claims in excess of $8.8 million and concluded that instituting proceedings would likely result in the contractor pressing its counterclaims. In the light of these difficulties, in particular the contractual ambiguities, and given the uncertainties and costs of arbitration, the

Office of Legal Affairs advised that arbitrating a claim for recovery would not be in the interests of the Organization.

14. In this regard, it should be further noted that on 7 December 2006, OIOS issued subsequent reports (Procurement Task Force investigation references PTF-007/06, PTF-022/06 and PTF-047/06) on an alleged fraudulent scheme in which the same contractor and a United Nations Procurement Officer secured another major rations contract for the United Nations Mission in Liberia (UNMIL). In that report, it was concluded that similar ambiguities may have been deliberately included in the contract by the United Nations Procurement Officer concerned as part of a fraudulent scheme to enrich the contractor.

15. In view of the identification of the potentially fraudulent scheme of the contractor, the Office of Legal Affairs referred the matter to the United States Attorney's Office for the Southern District of New York for investigation and potential criminal prosecution of the United Nations Procurement Officer and the Contractor in question. To date, the United States Attorney's Office has not instigated proceedings against either in relation to the alleged fraudulent scheme identified by OIOS. In the interim, in February 2007, the Office of Legal Affairs engaged the services of outside counsel to investigate whether recovery action for damages could be brought against the contractor. To date, outside counsel has not been able to secure sufficient evidence to support the conclusions of OIOS or to sustain the institution of arbitral or other proceedings against the contractor. The problems encountered in securing the required evidence stem in part from a lack of cooperation on the part of the former United Nations Procurement Officer in question, who had resigned from the Organization during an investigation into his involvement in another procurement fraud case, and the withholding by OIOS of the identities of confidential informants it had relied on in preparing its report on the alleged fraudulent scheme. It is noted that, should the United States Attorney's Office proceed to prosecute any potential fraudulent activity, the Office of Legal Affairs will take appropriate action to secure financial restitution as a victim in the case.

16. It should be noted that the summary of this case in paragraph 6 of the OIOS annual report implies that the overpayment of monies to the contractor has been clearly established. It should also be noted, however, that OIOS formed its conclusion that there were overpayments by making calculations based on an ambiguously drafted pricing mechanism. It is noted that there are differing interpretations of those contractual provisions and the interpretation of OIOS did not benefit from the legal advice of the Office of Legal Affairs. Neither the ambiguities identified in the contract on which OIOS based its recommendation for recovery, nor the legal advice of the Office of Legal Affairs, are referred to in the annual report.

Recommendations of particular concern (para. 9)

17. In paragraph 9 of its report, OIOS expressed concern that "more than three years after their issuance, the recommendations have not yet been fully implemented, thus posing security risks to ICT systems, data and equipment". The Secretariat wishes to reiterate that the Economic Commission for Europe has been implementing information technology security measures and assessing all of its current and new systems and their security on a continuous basis, including two

vulnerability assessments (ethical hacking) on its external systems, in particular its website, even though a more formal policy has not yet been finalized. In addition, no security incidents had occurred since the audit conducted in 2005. Therefore, the clause "thus posing security risks to ICT systems, data and equipment" is misleading, as it implies that no information and communications technology (ICT) security measures are in place.

Financial implications of OIOS recommendations, 1 July 2008 to 30 June 2009

Table 2
Recovery of excessive equipment costs, administrative fees and service charges by vendor — African Union-United Nations Hybrid Operation in Darfur (UNAMID): $12,377,508

18. The alleged recovery referred to above is broken down as follows:

Excessive equipment costs	$7 000 000
Administrative fees charged to UNAMID when there was no actual construction work	4 300 000
Charges for catering ($248,166) and management ($475,926) services not performed	724 092
Task orders for services for El Obeid that were not needed	313 416
Subtotal	**$12 337 508**

19. Regarding the administrative fees totalling $4.3 million for which the United Nations did not obtain value for the costs incurred, Management would like to state that the administrative fees of $4.3 million have been recovered.

20. Regarding the administrative fees for the task orders raised for El Obeid for the period between 1 April and 14 July 2008, the cost for services in El Obeid at $313,416 have all been recovered either directly or through negotiations.

21. Regarding the procurement of equipment at prices higher than those in the existing systems contracts, resulting in additional costs of $7 million to the United Nations, Management would like to clarify that the only disproportionate cost that has been identified is the amount of $3 million, which refers to purchases of generators. It must be noted that during the time period in question, the existing supplier for the system contract suffered from force majeure circumstances related to severe natural conditions and, therefore, was unable to fulfil its contractual obligations. Hence the need to procure generators, as a mission-critical item, from elsewhere, on an exigency basis in line with planning assumptions for a "worst case scenario".

22. It must also be added that in reference to the 500-kVA generators, it is correct to assume that if purchased through the systems contract, this cost would have been substantially less, but this would have been "delivered duty unpaid (DDU)" for the United Nations Logistics Base, and the vendor proposal was for an on-site delivery. Additionally, the lead time for the systems contracts was protracted and any delay faced with regards to generators ordered from the systems contract would have had a detrimental effect on the overall deployment timelines mandated by the Security Council. Furthermore, there was a need to mitigate the risk element attached to

ordering items from a third party and integrating them into another contractor's operation. Hence, the solution chosen took into account, among other factors, the unforeseen events faced by the supplier, prices and the most time-efficient delivery methods.

23. Management would like to note that at the time of signing the task orders for catering, UNAMID had in its possession various items of catering equipment. The equipment, which was to be used to provide catering services from 1 April 2008, was in various states of disrepair. During the mobilization period, which started at the date on which task orders were issued, the vendor was required to assess and repair the equipment for use under the contract, which commenced on 1 April 2008. The charging of fees for catering equipment maintenance was therefore justified. However, in accordance with the relevant change and task orders, an adjustment was made to the charges for management services and the maintenance of catering equipment, reducing the net amount payable for these services by $100,758.45. Much of this reduction was related to the lack of mobilization, management and equipment operation and maintenance services delivered during January 2008.

24. Regarding the finding that the vendor had not provided the services of cleaning, laundry, pest control, ground maintenance and garbage/refuse disposal services, Management would like to clarify that task orders included charges of $475,926 for management services for six months from February 2008, and that this charge was fully recovered from the vendor either indirectly or through direct negotiations.

Revision of contract management services — UNAMID: $6,200,000

25. Regarding the letter of assist with respect to the costs used, these were based on an hourly rate for a 12-hour working day and a 26-day month for each consultant. This is contrasted with the United Nations, where the working hours are eight hours per day, on a 22-day per month basis. The report continues to provide estimates of potential savings that would have been achieved had the contract been based on United Nations working hours. In this respect, Management would like to state that as the primary objective of the Organization was to enable UNAMID to implement its mandate as soon as possible, restricting or slowing down the amount of work of the consultants would have represented savings that would not have been in the best interests of the Organization. Management strongly believes that reducing the quantum of the consultants' work to the suggested levels is not in accordance with normally accepted commercial practice.

26. More specifically, Management would like to note that there are vast differences when undertaking a cost comparison of the United Nations work day/month and that of the letter of assist personnel. The Director/Chief of Mission Support usually defines the number of working hours and work days in a month. In a start-up mission, it is not unusual for United Nations employees to typically undertake 12-hour days and be required to work on Saturdays. The United Nations, however, only recognizes 21.75 days (and 7.5 hours per day) of productivity for compensation to its staff. The letter of assist proposal is reflective of the fact that its staff will work 6 days out of every 7 days up to 12 hours per day. The characterization of what constitutes a "normal" work day in the context of generating savings is misaligned with the objective of the mission to build capacity in the shortest period of time.

27. Furthermore, it must be considered that the consultant's work month is based on the provision of "consultant days" and not "consultants". The party retained under the letter of assist is obliged to provide 26 days of consultancy productivity in every month (for each position) irrespective of sick leave, annual leave, travel days or official holidays of its individual consultants. In contrast, the United Nations continues to pay its staff during these "down" periods, and is not required to provide alternate coverage during these absences. Accordingly, the comparison made is misaligned and the savings alleged are not substantiated.

28. In addition, it should be noted that cost comparisons were undertaken between the selected proposal and the proposals the United Nations had received for consultant contract management services from the competitive bidding exercise. It was found that the prices included in both proposals were comparable. Based on the cost comparison, the Secretariat managed to reduce the costs associated with certain types of personnel, resulting in savings of €234,705 euros. Perhaps more significantly, on average, the core personnel costs of the party whose services were retained were over 18 per cent less than those of the only comparable commercial bid received in two bidding exercises that were carried out during the process of contracting these services.

29. Finally, Management would like to state that as of December 2008, the finalized letter of assist had been signed.

Savings from rebates, use of online booking tool, post-fare auditing: $2,582,000

30. The Secretariat reiterates that OIOS holds a misconception of the online booking tool process at the United Nations. The travel agency must still book the reservation in the (Sabre) reservation system, reviewing all possible aspects of the itinerary to apply the lowest logical fare within the United Nations travel policy and, if necessary, make changes to the reservation made using the booking tool by or on behalf of the traveller and issue the corresponding ticket. Thus, the $5 transaction fee is in addition to the cost of the service, which can make the cost of issuing a booking tool ticket more expensive. The OIOS savings analysis represents an oversimplification of the functional capabilities of the booking tool, which is not realistic and, therefore, the analysis is not applicable. The audit team should recognize that, at the present time, the online booking tool represents a significant financial risk to the administration of the travel programme at Headquarters. Without an adequate review of travel arrangements by qualified travel agents, the Organization is exposed to weakened financial controls as a result of decisions made by individuals using the online booking tool.

31. It should also be noted that the online booking tool is not well suited for use in booking the complex and multi-leg itineraries involved in much of United Nations travel. The online tool also lacks the financial controls of, and linkage to, the United Nations travel authorization, certification and funding process for official travel. In fact, the tool works best for the booking of one-way and simple round-trip tickets.

32. However, the Travel and Transportation Section recognizes that the online booking tool technology will continue to improve and will ultimately result in a reduced involvement of the travel agency in the reservation process, thus lowering the operating cost to the United Nations.

33. Regarding the use of off-site travel management services in order to reduce transaction costs for travel management services, the Office of Central Support Services will consider the feasibility of using such a service configuration in the re-bidding process for the travel management services contract.

Recovery of fraudulent expenses — Office of Legal Affairs: $479,000

34. Table 2 of the addendum identifies the Office of Legal Affairs as the entity responsible for the recovery of an estimated $479,000 in fraudulent expenses identified in OIOS report PTF-R010/08. It is noted, however, that the Office of Legal Affairs is not identified in the relevant recommendations of the report, in which the Procurement Task Force recommended that the former staff member of the United Nations Office for Project Services (UNOPS) be required to reimburse UNOPS and the donors, who had collectively suffered losses in excess of $479,000 for the expenses listed in the report; and that the Organization take affirmative action in arbitration or in civil court for restitution of the misappropriated and converted funds.

35. It should be noted that the applicable recommendation simply states that the Organization is to take action for restitution of the misappropriated funds. Furthermore, OIOS has identified that it is UNOPS and its donors that have suffered the loss and such loss was suffered as a result of the alleged actions of a former UNOPS staff member. Accordingly, as the subject of the Procurement Task Force report and the entity responsible for the staff member concerned, as well as the misappropriated funds, it is for UNOPS, as an independent, self-financing organization, to take the appropriate action to implement the applicable recommendations. The Office of Legal Affairs can advise UNOPS if requested, but it is not the entity responsible for recovery, as stated in table 2 of the addendum.

Reduction in mission requirements — United Nations Interim Force in Lebanon (UNIFIL): $24,900,000

36. On page 27, OIOS reported a reduction in mission requirements associated with UNIFIL of $24.9 million as part of the financial recoveries. It should be noted, however, that the savings initially reported in the OIOS interim report was $15.052 million, a reduction which the Secretariat would like to confirm, was not due to implementation of the recommendation of OIOS. UNIFIL completed its ship-to-task analysis in February 2008 and regularly examines the maritime requirements. At the session of the Advisory Committee on Administrative and Budgetary Questions in February 2009, the mission reported that the estimated expenditures for the Maritime Task Force for the 2008/2009 financial period would be approximately $54.5 million (actual expenditures were $53.5 million) as a result of the significant and continuing reduction of the fleet in the area of marine operations. The Committee, noting the delayed deployment of vessels and aircraft for the Maritime Task Force, recommended that the resources of $75,261,200 proposed for naval transportation for the 2009/2010 financial period be reduced to $60,209,000, a reduction of $15.052 million.

37. The Secretariat is not clear regarding the source of the additional amount of $9.848 million ($24.9-$15.052) reflected in the final report of OIOS and therefore could not comment on it.

Recovery of overpayment to a bidder — United Nations Operation in Côte d'Ivoire (UNOCI): $37,477

38. UNOCI did not accept the OIOS recommendation, as OIOS had based the recovery amount of $37,477 on a price quoted by a vendor whom the mission had declared technically non-compliant with the terms of the bid requirements. The mission clarified that the price quotations of the two technically compliant vendors were $193,327.48 and $204,289.88 and confirmed that the contract was awarded to the lowest bidder.